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| Austria | Sch. 15 | Luxembourg | Fr. 35 |
| Belgium | Fr. 25 | Malta | Rls. 25 |
| Canada | C\$2.50 | Netherlands | Fl. 2.25 |
| Denmark | Kr. 2.00 | Norway | Kr. 7 |
| Finland | Fr. 5.00 | Portugal | Esc. 50 |
| France | Fr. 10.00 | Spain | Es. 50 |
| Germany | DM. 2.00 | Sweden | Kr. 6.50 |
| Greece | Dr. 50 | Switzerland | Fr. 2 |
| Indonesia | Rp. 1650 | Turkey | L. 160 |
| Iraq | 11,100 | U.S.A. | \$1.50 |
| Japan | Yen 550 | | |

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,041

Tuesday April 5 1983

D 8523 B

International
monetary
reform; Page 15

NEWS SUMMARY

GENERAL

Harare senator killed by rebels

Zimbabwean senator Paul Savage, his daughter Colleen and a young woman friend from Britain were killed by a group of 20 to 30 dissidents who attacked the family ranch 80 miles south of Bulawayo at the weekend. Mrs Savage was seriously injured.

The killings followed a weekend facility trip to Matabeleland in which journalists were told by the Government that because the National Army had been successful in driving out the dissidents, the down-to-the-ditch conflict was being fought in many parts of the troubled province. Page 2

Sandinistas in control

The Nicaraguan Sandinista army appeared to be in control of the northern region of Nuevo Segovia where two columns of "counter-revolutionary forces" had entered from Honduras in February. The army claimed the rebel forces had been virtually wiped out. Page 16

Critical PLO talks

Leaders of the Palestine Liberation Organisation met in Jordan for critical talks which could affect the fate of the Reagan Middle East peace plan. Page 16

Peru violence

Political violence in the mountains of Peru claimed the lives of 320 people in the first quarter of this year, almost double the number in the whole of 1982.

Botha 'no' to talks

South African Prime Minister P.W. Botha rejected an offer from Zambian President Kenneth Kaunda to arrange a meeting with Pretoria's opponents, including the leader of Swapo, Sam Nujoma. Page 2

Bombing denounced

Greek newspapers described a weekend bomb attack on a hotel where 70 officials of the New Democracy Party were meeting as an attempt to undermine the country's stability.

Mystery illness probe

Two experts from the U.S. Centre for Disease Control in Atlanta, Georgia, arrived in Israel to investigate the mystery illness that has struck about 500 Palestinians in the West Bank.

Shuttle takes off

The new U.S. space shuttle Challenger took off from the Kennedy space centre, Florida, with a crew of four on board, it is to orbit earth 11 times before landing in California on Saturday.

Hartkopf resigns

Günter Hartkopf, Minister of State in the West German Interior Ministry since 1980, said he was resigning for "general political reasons".

Rome fraud arrests

Rome police arrested two men on charges of defrauding more than 50 companies of 5bn lire (\$3.5m) worth of merchandise in a complicated confidence trick.

Gloria Swanson dies

Gloria Swanson, the American silent movie queen, died aged 84 at a New York hospital after a brief illness.

Briefly...

Quake of 5.5 on Richter Scale injured scores in North Sumatran city Banda Aceh, Indonesia.

Portuguese national rail strike enters sixth day with no agreement in sight.

Australia is to protest to France about expected nuclear tests at Mururoa Atoll in French Polynesia. Page 16

BUSINESS

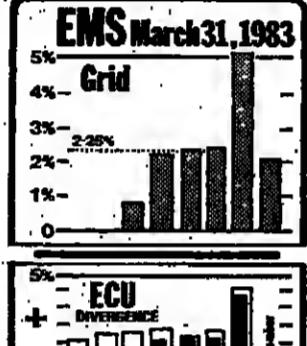
Indonesia exchange losses to be probed

• INDONESIA's central bank, Bank Indonesia, is to set up a committee to investigate complaints that several of the country's foreign exchange banks made substantial losses because of the way in which last week's 27.5 per cent devaluation was handled.

Bankers believed Wednesday's trading in foreign exchange was one of the heaviest ever as speculators that a devaluation would soon take place reached fever pitch. The banks are believed to have put in requests early that morning for purchases of over \$150m, but these were turned down. Page 16

• WALL STREET closed down 2.42 at 12,275. Page 17

• TOKYO: Nikkei Dow index rose 6.23 to 8,485.82 and the Stock Exchange rate fell 0.86 to 614.55. Report Page 17.



BY JAMES BUCHAN IN BONN

ABOUT a quarter of a million West Germans took part in rallies, marches and passive blockades over Easter in protest against nuclear armament and above all the plans to station new U.S. nuclear missiles in the country from the end of this year.

This first test of strength between the active "peace movement" and Chancellor Helmut Kohl's Centre-Right coalition committed to Nato policy passed relatively quietly.

A number of arrests occurred in Berlin on Sunday where a crowd defied the allied commander's ban on demonstrations near military installations by blockading a U.S. ra-

dar station. The 160 people held were all later released.

The Frankfurt co-ordinators of the 90-odd events said that around 300,000 people had taken part up to Sunday evening while a further 160,000 turned out to demonstrate in large cities yesterday. With many people counted more than once, it seemed unlikely that the turn out matched the 500,000 who protested during President Reagan's visit to Bonn last June. Wet weather at the beginning of the weekend was blamed.

The "peace movement", a coalition of several thousand church, environmental and anti-nuclear groups supported in parliament by

the Greens and many on the Social Democratic Left, plans a graduated series of protests reaching a climax with blockades of the missile sites in October.

In a sign of what the autumn could bring, police on Friday used teargas and dogs to disperse a blockade of the Wiley U.S. airbase at Neu-Ulm in Bavaria, regarded as a likely site for some of the 108 Pershing-2 missiles allotted to Germany by Nato and which the U.S. will start stationing this year. The Pershing-2 is regarded by the peace movement as a first-strike weapon.

Mr Gerd Bastian, the Bundeswehr general turned Green deputy who was among those removed

from outside the base, said that Moscow's rejection of the U.S. offer to negotiate an "interim" balance in European theatre missiles - which would none the less include new U.S. systems in Europe - was "totally understandable".

Carl Dietrich Spranger, parliamentary state secretary at the Interior Ministry in Bonn, said the Easter marchers "served to support Soviet policy, which threatens our freedom and security."

Chancellor Helmut Kohl, meanwhile, has accepted invitations from the U.S. and Soviet leaders to visit Washington and Moscow this year.

• East German peace demonstra-

slogans. Other signs held up by the peace marchers said: "No future without peace," "Make peace without weapons" and "No war toys."

The demonstrators were able to display their signs for several minutes before plain clothes members of the East German security police moved in. They tore the signs from the demonstrators and broke wooden poles, used to hold the signs, across their backs. A number of the protesters were taken into custody.

• In Italy, an estimated 1,000 people took part in a peace march yesterday up to the gates of a Nato base in the northern province of Adige.

German peace marchers mount first challenge to Kohl N-policy

Japan rejects Soviet 'right' to station missiles in Far East

BY JUREK MARTIN IN TOKYO

JAPAN HAS rejected as "out of the question and unacceptable" the Soviet Union's claim that it has the right to station intermediate range nuclear missiles in the Far East.

Mr Yasuhiro Nakasone, the Japanese Prime Minister, and other government officials flatly denied a charge by Soviet Foreign Minister Mr Andrei Gromyko, that the U.S. already has nuclear weapons deployed on Japanese soil. Mr Gromyko said the presence of U.S. missiles justified Soviet counter-measures in Siberia.

Mr Nakasone said Japan will demand that the Soviet Union withdraw its SS20 missiles from Siberia when officials from the two countries meet in Tokyo next week for previously scheduled discussions.

The vehemence of Japanese statements in the last 48 hours, after Soviet dismissal of President Reagan's latest offer on European missile reduction, reflects the coolness of Japanese-Soviet relations and is in line with Japan's long-standing position on arms reduction.

Japan has been one of the staunchest supporters of Mr Reagan's "zero option" proposal, because it has assumed that the zero option implied the dismantling of all intermediate range nuclear missiles, whether stationed in Europe or elsewhere. The Japanese view has always been a potential complication for the U.S. in the Geneva negotiations covering the European theatre of war.

This became apparent two months ago when Mr George Bush was strongest member of the system and the D-Mark the weakest.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the D-mark) may move more than 2% per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

But U.S. expressions of concern, as Mr Gromyko's assertions, and



Mr Yasuhiro Nakasone

the subsequent Tokyo reaction make clear, do not solve the problem of the Japanese position. Mr Nakasone has told Washington that any missile reductions in Europe must not, in his view, be agreed if Asian and Japanese interests are sacrificed.

"The U.S. alone," he said, "has influence to make the Soviets abandon bringing SS20s to Asia." To this end, he went on, Japan must improve its own defence capability to demonstrate its reliability as an ally of the U.S. This in turn, would make it more desirable for the U.S. to negotiate an agreement with the Soviet Union that did not entail the transfer of Soviet missiles from Europe to Asia.

The problem for Mr Nakasone has been that the hawkishness implicit in such comments is not, according to most opinion polls, enhancing his domestic popularity. Although the Japanese public has not been in the vanguard of the international anti-nuclear missile movement (last month's visit to a Japanese port of the missile-carrying U.S. aircraft carrier Enterprise with minimal protest), defence has high political visibility here.

Japanese officials were similarly pleased at Mr Reagan's reference last week to the need for reduced missile deployment "on a global basis." Mr Reagan went so far as to send Mr Nakasone a personal letter outlining in advance his new stance. Normally, such a letter would only have gone to Nato heads of state.

The problem for Mr Nakasone still appears to hold firm to its non-nuclear principles: that Japan will not possess, use or permit the introduction of nuclear weapons into the country, even from the U.S. Thus the Japanese stake in arms control is considerable - as is its nervousness when it appears isolated.

But U.S. expressions of concern,

Lukewarm support for U.S. arms proposals

By Our Washington Correspondent

PRESIDENT Ronald Reagan's efforts to regain the initiative on nuclear disarmament and the Soviet Union's rejection of the U.S. "interim" European arms reduction proposal, have failed so far to generate the public support which the President requires if he is to push his full rearmament programme through Congress.

Despite intensive personal lobbying which Mr Reagan will begin today on Capitol Hill, the Senate is likely this week to trim back to 5 per cent the Administration's request for a 10 per cent increase in military expenditure. Republican congressional officials said yesterday.

Meanwhile, some Administration officials are becoming increasingly concerned about White House public opinion surveys which are believed to show that U.S. voters are becoming increasingly sceptical about the need for the President's arms build-up. Some of the President's political advisers are urging him to put more emphasis on the economy and less on defence in his public pronouncements. The polls show that Mr Reagan's warnings about the Soviet military threat have not altered the public's perception that the U.S. already has sufficient nuclear strength to deter Soviet aggression.

There is still some hope in the

Continued on Page 16

Monetary split revealed on Fed committee

By ANATOLE KALETSKY, IN WASHINGTON

The U.S. Federal Reserve System's top policy-making officials are deeply split over the conduct of monetary policy this year, according to minutes of the Federal Open Market Committee (FOMC).

The minutes, which cover the key FOMC meeting convened on February 8 and 9 to set the 1983 monetary targets, reveal an unusually large minority of four FOMC members voting against the decisions taken.

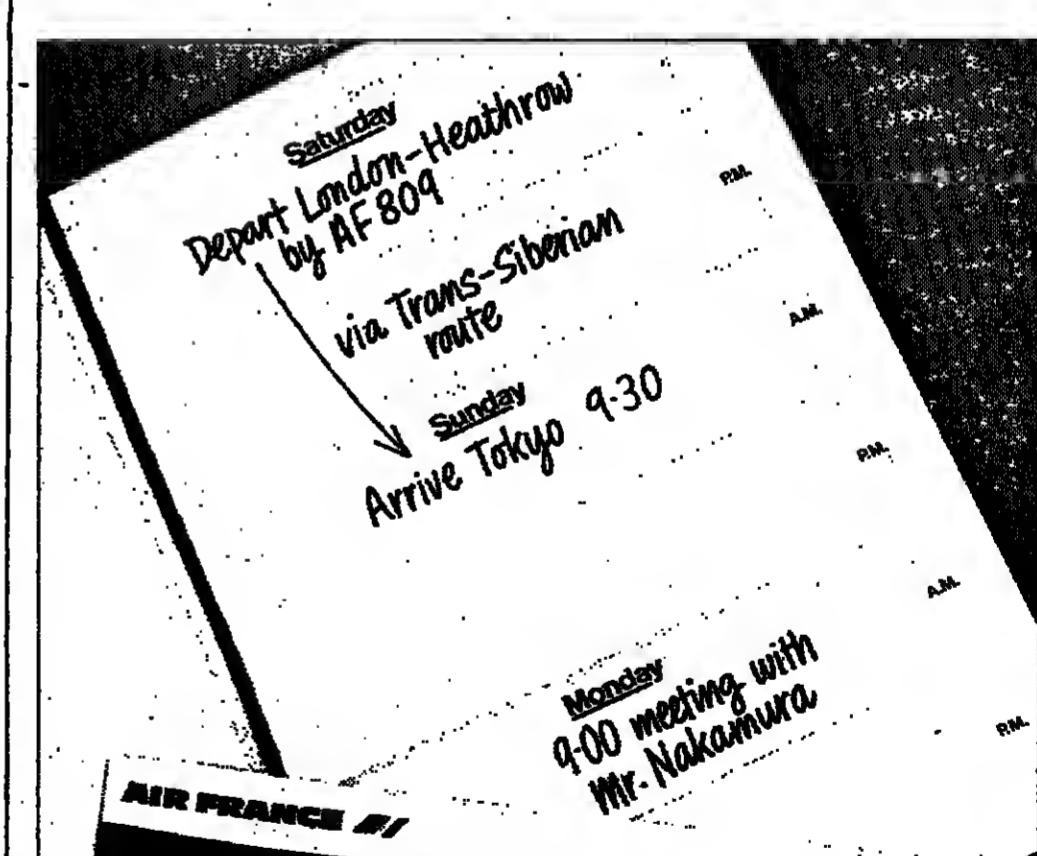
Comments of the four dissenters also make clear that the case for narrower and lower monetary growth targets was put forcefully to the FOMC, but decisively rejected by the 12-member committee's majority, led by Mr Paul Volcker, the chairman of the Federal Reserve Board.

The FOMC, which is the Fed's top policy-making body, consists of the seven Washington-based Governors of the Federal Reserve System, plus the President of the Federal Reserve Bank of New York and four presidents of other regional reserve banks, serving in rotation.

At the February FOMC meeting, three of the regional reserve bank presidents and Mr Henry Wallich, the System Governor most closely identified with the "monetarist" approach to anti-inflation policy, voted against the new more flexible approach to monetary targets, which was formally announced by Mr Volcker on February 18.

However, the committee's majority rejected their argument that

similar views.



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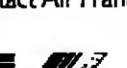
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Redemption Notice

City of Oslo (Norway)

9% Sinking Fund External Loan Bonds due May 1, 1970

NOTICE IS HEREBY GIVEN, pursuant to Fiscal Agency Agreement dated as of May 1, 1970 under which the above described Bonds were issued, that Citibank, N.A., Fiscal Agent, has selected by lot for redemption on May 1, 1983 through the operation of the Sinking Fund, \$1,617,000 principal amount of said Bonds at the Sinking Fund redemption price of 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption. The serial numbers of the Bonds selected by lot for redemption are as follows:

| | | | | | | | | | | | | | | | |
|-----|------|------|------|------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| M2 | 1110 | 2220 | 3320 | 4910 | 5011 | 5071 | 10110 | 11111 | 12110 | 12946 | 13074 | 14510 | 15322 | 16093 | 16722 |
| 7 | 1252 | 2271 | 3320 | 4910 | 5011 | 5071 | 10110 | 11111 | 12110 | 12946 | 13074 | 14510 | 15322 | 16093 | 16722 |
| 80 | 1371 | 2314 | 3314 | 4912 | 5012 | 5072 | 10110 | 11111 | 12110 | 12946 | 13074 | 14510 | 15322 | 16093 | 16722 |
| 81 | 1371 | 2314 | 3314 | 4912 | 5012 | 5072 | 10110 | 11111 | 12110 | 12946 | 13074 | 14510 | 15322 | 16093 | 16722 |
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UK NEWS

HOPE RISE AS MEETINGS ARE CALLED

Unions get the peace plans in car disputes

BY JOHN LLOYD, LABOUR EDITOR

FORMULAS aimed at ending the disputes in Britain's two major motor manufacturers will be put to shop stewards and mass meetings today and tomorrow.

The 5,000 workers at British Leyland's assembly plant at Cowley, where the company's new medium-sized Maestro car is built, will today receive a letter from the company outlining a plan to phase out the traditional three minutes "cleaning-up" time during the next few weeks.

They will also be told that Cowley could soon move to "audited plant status" under which higher bonuses could be earned.

Shop stewards will hold mass meetings tomorrow to discuss the new proposals - though the threat at present is that they will not be sufficient to ensure a return to work.

The company said yesterday it would not offer an extra bonus to remove the cleaning-up time, which is unique to the Cowley plant.

A spokesman said: "Our position is quite firm and quite clear - if Cowley is to improve its efficiency then those minutes have to be removed."

Hopes for a breakthrough in the strike at Ford's Halewood plant,

which today enters its fourth week at a cost in lost production of about £75m, depend on the outcome of a meeting this morning between Mr Ron Todd, the senior national officer of the Transport and General Workers' Union and local union officials.

Mr Todd will outline a formula reached by union and company officials last week at the Advisory, Conciliation and Arbitration Service, under which production will resume while a three-strong inquiry team investigates the cause of the dispute.

The strike began after a line worker, Mr Paul Kelly, was dismissed for allegedly damaging a bracket in a car under production. An issue still unresolved between the two sides is payment for Mr Kelly while the inquiry takes place.

The company has proposed an extra payment, while the union wants a payment in line with his average wage.

A separate dispute looms at the plant over plans to offer redundancy payments to about 1,200 workers. Compromise proposals aimed at ending the three-week strike of dockers in the Port of London seem likely to be agreed at a meeting be-

Six Conservative MPs likely to end up without seats

BY JOHN HUNT

IT now seems likely that about six Conservative MPs will be left without seats for the next general election as a result of the extensive changes to constituency boundaries.

About 12 MPs are still looking for a safe Tory constituency, but as the selection process comes to an end the chances of finding one become more and more remote.

About 300 constituency Conservative parties have chosen their prospective candidates and about 280 of the party's sitting MPs are unaffected by the boundary changes.

There are fewer than 70 constituencies where the choice is still being made and the number is dwindling rapidly.

Sitting MPs who find themselves without at the end of the day will be encouraged to seek election to the European Parliament and any applications from them will be sympathetically considered.

The failure to select Mr Keith Stainton for either part of his previous constituency of Sudbury and Woodbridge has angered many local Tories. His constituency will be divided into Suffolk Coastal and South Suffolk.

Suffolk Coastal has gone to Mr John Selwyn Gummer, MP for Eye.

and Under-Secretary for Employment, and Mr Tim Igoe, director of the Spastics Society, has been chosen for South Suffolk.

A South Suffolk Conservative Action Group has been formed which hopes to bring the matter before a general meeting of the constituency association and to protest at the failure to select Mr Stainton.

Sir Anthony Grant, who sat for Harrow Central for 18 years, failed to be selected for the new Harrow East which absorbs a large part of his old constituency. Instead Mr Hugh Dykes, present MP for Harrow East, has been chosen.

Sir Anthony is a former vice-chairman of the Conservative Party who had special responsibility for selection of candidates.

Mr Nicholas Fairbairn, former Solicitor-General for Scotland, will know his fate in about a week's time. He is on the list for his present constituency of Kincardine and West Perthshire, much of which has been taken into other constituencies under the changes.

Mr William Walker, the present MP for Perth and East Perthshire, has been adopted for the new Tay-side North, which takes in the northern slice of Mr Fairbairn's constituency.

Draft report tries to bring uniformity to pension accounts

BY CHRIS CAMERON-JONES

A FIRST attempt to bring some uniformity to the pension fund jungle in UK company financial reporting is ready for publication in draft form, by the accountancy profession.

This was announced by the Accounting Standards Committee (ASC) which has had a working party examining for a year how companies should disclose the costs and liabilities related to employees' pension arrangements.

Disclosure about pension funds, which for most companies are a major financial commitment, is required to be made this year under the 1981 Companies Act. The ASC exposure draft on the subject will represent the first real guidance on the way to satisfy the legislation and should be released before the end of April.

Though the outline proposals describe what should be mentioned in the actuaries' reports, they leave the much tougher problem of actual valuation methods used for further consideration.

Basically they mean that company accounts would have to show arrangements for pensions in an understandable manner; any legal obligation made to maintain the solvency of a fund; how a scheme is paid for; and the accounting policy employed.

They would also have to reveal the charge made in the profit and loss accounts, pointing out any special payments; and any commitment to change the rates of contribution in future.

Comments on the draft documents will be sought from interested parties during the next six months.

It was also reported yesterday that final approval has been given to the accounting standard dealing with foreign currency transactions which will be published on April 16, effective from April 1, 1983.

In this standard, SSAP 20, the accountants have bowed to objections from the banks on how to treat the effects of foreign exchange move-

ments by dodging the main controversial areas.

Overall application of the standard is aimed at making reported profits of companies more realistic by removing many of the effects of unrealised gains and losses arising from exchange movements.

Reference to "distributable profits" has been deleted and the subject is to be debated further. Second, companies which do not prepare accounts in accordance with the eighth schedule of the new Companies Act, namely banks, insurance companies and some shipping companies, are not required to disclose gains and losses on foreign currency borrowings "or to make disclosure that requires distinction to be made between long and short term monetary items."

Finally the "cover procedure" under which companies match overseas borrowings to overseas investments is extended from consolidated group accounts to those of individual companies.

Eric Short writes: The Life Offices Association and the Associated Scottish Life Offices, the two main official trade bodies of the UK life assurance industry, are perturbed that the Government is not taking any action in the Finance Bill to curb tax avoidance life contracts, beyond clamping down on secondhand bonds.

It is understood that the associations intend to write jointly to Mr Nicholas Ridley, Financial Secretary to the Treasury, seeking an explanation of the official Inland Revenue attitude to tax avoidance practices.

Last year some companies promoted bonds - the so-called second-hand bonds - which enabled investors to minimise or avoid tax liabilities on life assurance bonds.

Now there has been a switch to marketing another style of plan known as the Capital and Income Bond, which is more tax efficient than secondhand bonds. Some companies are reporting sales of these bonds in excess of £1m a week.



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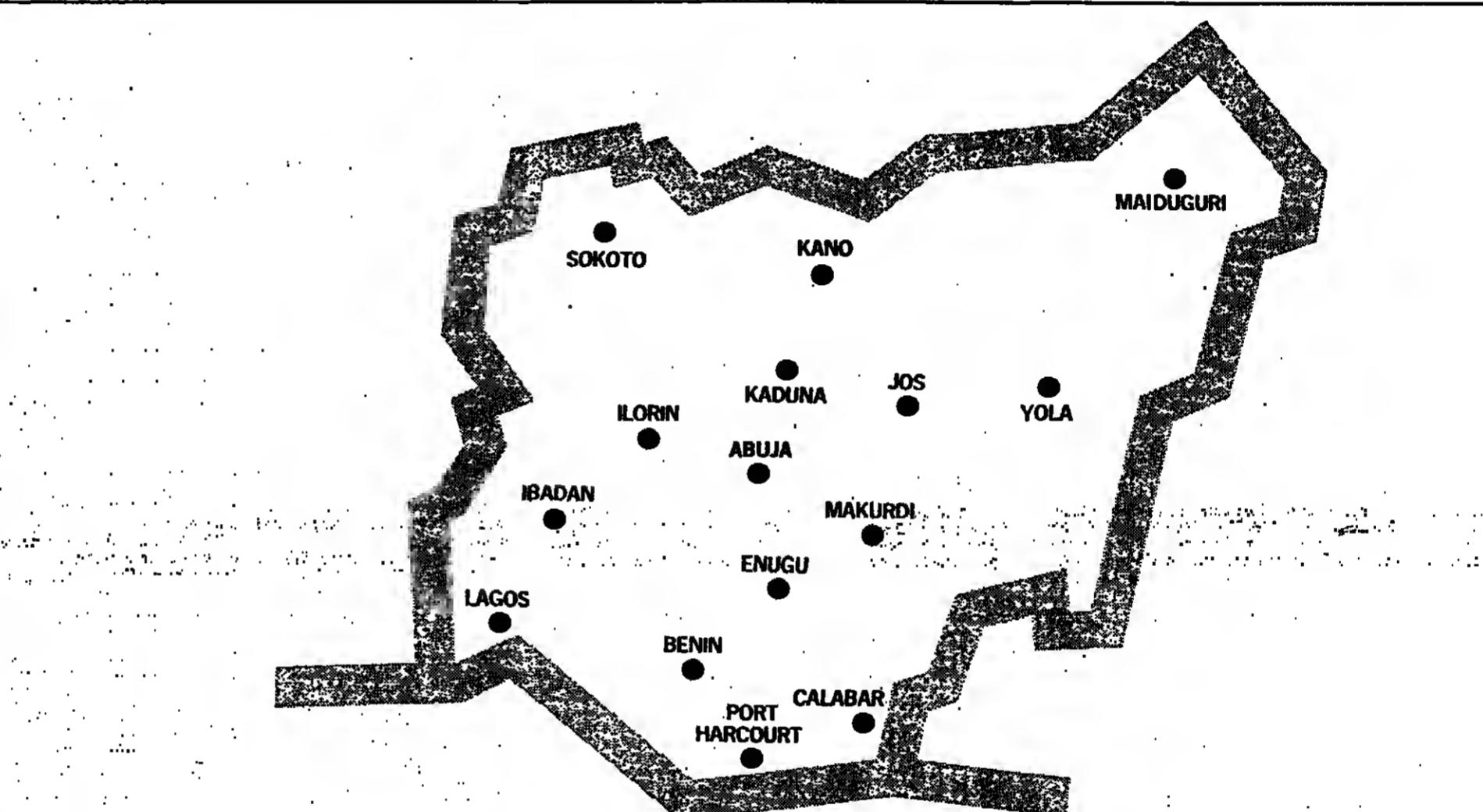
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E.N.I.

(National Hydrocarbons Authority)

6 1/4% Sinking Fund Debentures due November 1, 1983

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on May 1, 1983 at the principal amount thereof \$490,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. \$1,000 Each of Prefix "M" Bearing Serial Numbers
Ending in the Following Two Digits:

21 47 70 73 75

Also Debentures of U.S. \$1,000 Each of Prefix "M"
Bearing the Following Serial Numbers:

| |
|---|
| 68 698 1888 3088 2688 4288 4888 5688 8088 10588 11288 12688 13688 14588 16188 17288 18688 19088 |
| 268 788 1988 3288 7088 4488 5188 6588 10588 11288 12788 13888 14688 16188 17288 18688 19188 |
| 388 888 2188 3488 4088 4588 5288 7188 8688 11088 12588 14288 14888 15488 15888 16288 16388 |
| 188 988 2288 3588 4188 4688 5388 7288 8788 11188 12688 14388 15988 16588 17188 18488 19488 |

On May 1, 1983, there will become and be due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment thereof in public and private debts, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro or the principal office of Banca Commerciale Italiana in Milan, or the main office of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourg in Luxembourg-Ville.

Debentures surrendered for redemption should have attached all unmatured coupons appertaining thereto. Coupons due May 1, 1983 should be detached and collected in the usual manner.

From and after May 1, 1983 interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI
By: MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, Fiscal Agents

March 30, 1983

NOTICE
The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF U.S. \$1,000 EACH

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UK NEWS

'More facts needed' on business flying

By Michael Donne,
Aerospace Correspondent

MUCH more information about the state of business flying in South-East England is essential before adequate facilities for this type of aviation can be provided there.

This broad conclusion emerges from a study prepared by a Department of Trade committee and designed to stimulate discussion on business flying facilities.

The consultation document, which the Government hopes will form the basis for detailed discussions with all interested parties, says studies have been hampered by the lack of reliable statistical information on aviation as a whole and on business aviation in the South-East.

The committee found numerous disagreements between the aviation industry and local authorities and amenity groups and says everyone is in a difficult position "through lack of an agreed measure of demand".

The consultation document (£4 post-free) is obtainable from the Department of Trade Library, Room LG37, 1, Victoria Street, London.

A London exhibition confirms a UK fashion revival

British fabrics back on top

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

FABREX, WHICH opens tomorrow morning at London's Olympia, will offer further confirmation that Britain's fabric and fashion trades are back on top of the world league.

"There has been a big resurgence in British fashion," says Miss Victoria Poore, who runs the exhibition for Philbeach Events, a subsidiary of Town and City Properties.

"Young British designers are coming home, such as those at Daniel Hechter."

"People are also coming to London to buy because we are an interesting place. All eyes now focus on London, which is again being hailed internationally as the fashion capital of the world."

For those nurtured in the belief that fashion begins and ends in Paris this might seem a large claim. But it is true according to all observers, except the French, and has come about despite the worst recession that the textile and clothing trades have ever known.

Fabrex has played its part in this transformation. At the end of the 1970s the fashion world was dominated by the Paris shows, the giant Intersifex fashion-and-fabric exhibition held in Frankfurt and the plethora of Italian exhibitions in Milan, Florence and Como.

In the mid-1970s even the French had been forced to set up Première Vision, then in Lyons, as an outlet for their fabric producers to compete with the Germans and Italians, but there was nothing in Britain even though many in the industry wanted a showcase, preferably all-British, for their goods.

Philbeach's decision to launch Fabrex in the spring of 1979, with the encouragement of the British Textile Corporation, was a tremendous gamble" according to Miss Poore.

"We were already organising the London Fashion Show, which had been going since the early 1970s, but we had no idea whether a predominantly fabric exhibition would succeed."

"However, our research encouraged us to go ahead and although we had to abandon our original plan to make it an all-British show we have certainly kept a balance which favours the home industry."

The 9th Fabrex tomorrow - the shows are held twice a year - has attracted 300 exhibitors, of which two-thirds are British - a proportion Miss Poore wants to see maintained. Some 8,000 buyers are expected from around the world.

This is small by comparison with Intersifex, which in its 20-year life has become a massive exhibition, attracting some 900 exhibitors and over 10,000 buyers.

Some British exhibitors, however,

detected a falling-off in support for their fabric producers to compete with the Germans and Italians, but there was nothing in Britain even though many in the industry wanted a showcase, preferably all-British, for their goods.

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Leyland unveils fuel-saving system

By John Griffiths

LEYLAND VEHICLES' Advanced Technology Group will today unveil a new continuously variable transmission (CVT) capable of improving fuel consumption in buses by a claimed 30 per cent.

Although initial development work is being concentrated on buses, the commercial vehicles arm of BL sees a far wider potential for the system, including its use for trucks, lorries, construction vehicles, agricultural machinery and tracked and all-wheel drive vehicles for civil and military use. A CVT lacks the stepped gears of conventional manual or automatic transmissions.

After three years of intensive research work and with financial backing from the Department of Industry, Leyland believes it has a lead of up to three years in commercial vehicle CVT development.

The second phase of the project - the addition of regenerative breaking - is expected to be completed within a year.

Regenerative braking involves the storing of energy, normally wasted as heat under braking, in a flywheel, which is then used to reaccelerate the vehicle.

Sharp increase in consumer spending

BY JEREMY STONE

A SNAPSHOT of the UK economy in 1982 is provided by Government statistics just released, giving revised versions of output, incomes, profits and investments.

Real income for 1982 was about 1 per cent above its 1981 level, as measured by gross national disposable income at constant prices. The average measure of gross domestic product showed a continued gradual improvement in economic activity from the low point reached in mid-1981.

In the last quarter of 1982 this measure was more than 2 per cent

higher than in the third quarter of 1981.

Personal disposable income rose 7 per cent in 1982, but since consumer prices went up 8 per cent real personal disposable incomes fell about 1 per cent.

Consumer spending rose sharply in volume terms in the second half of 1982, running in the final quarter about 3 per cent above the average for the previous three years. This led to a fall in the ratio of savings to personal income to about 10% per cent, nearly four percentage points lower than in 1980.

Earnings now rising faster than prices

BY ALAN FRIEDMAN, BANKING CORRESPONDENT

THE BRITISH economy is in a consumer-led recovery, with earnings rising faster than prices, a low savings ratio and minor personal tax cuts in the Budget, according to Mr Christopher Johnson, group economics adviser at Lloyds Bank.

Mr Johnson, writing in the April issue of Lloyds Bank Economic Bulletin, says that consumers are gaining from a windfall drop in the inflation rate at a time when their incomes are declining at a lesser rate.

Fixed investment is also contrib-

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

| Date | Title | Venue |
|-------------|---|--|
| April 6-8 | Fashion Fabrex (01-831 7385) | Olympia |
| April 9-11 | London Black Fashion and Beauty Fair (01-272 5183) | West Centre Hotel, W6 |
| April 12-14 | Coal Preparation Technology Associated with Cost Efficiency—Symposium and Exhibition (061-832 6541) | National Agricultural Centre, Kentish Town |
| April 18-22 | International Fire, Security and Safety Exhibition and Conference (01-367 5050) | Olympia |
| April 19-20 | All Electronics Show—ECIF (Essex (0799) 22612) | Barbican |
| April 19-21 | 2nd Exhibition of Numerical Engineering Equipment and Services (01-879 9411) | Wembley Conference Centre |
| April 19-21 | Fibre Optics Exhibition and Conference (Essex (0799) 22612) | The Brewery, EC1 |
| April 24-27 | Incentive Marketing and Sales Promotion Exhibition (01-688 7783) | Brighton |
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| April 25-29 | Packaging and Brewing Exhibitions—PAKEX and BREWEX (Solihull (021) 705 6707) | NEC Birmingham |
| April 26-28 | Site Equipment Demonstration—SED '83 (01-904 9504) | Hatfield |
| April 26-29 | International Land Reclamation Conference and Exhibition (Tunbridge Wells (0892) 44027) | Civic Hall, Essex |
| May 10-12 | Riba Computer Conference and Exhibition (01-637 8891) | Bloomsbury-Crest Hotel |

OVERSEAS TRADE FAIRS AND EXHIBITIONS

| | | |
|-------------|--|-------------|
| April 13-15 | Air Cargo '83 (0727 63213) | Amsterdam |
| April 12-16 | WIRED TOKYO '83—International Wire Exhibition (0727 63213) | Tokyo |
| April 18-25 | 67th Swiss Industries Fair (061 26 20 20) | Basle |
| April 18-22 | World Dredging Congress and Trade Exhibition (Bedford (0243) 750322) | Singapore |
| April 19-23 | World Energy Exhibition and Congress (Dorset (0202) 57652) | Hamburg |
| April 24-26 | Construction Indonesia '84 (01-456 1861) | Jakarta |
| April 25-29 | International Technology Fair—TECHEX '83 (01-584 5749) | Lyon |
| May 6-10 | 2nd Exhibition of Systems, Components and Materials for the Industrialised Building Sector—SICOMAT '83 (01-493 1951) | Milan |
| May 7-10 | Manila Apparel Market Week (01-248 0742) | Philippines |
| May 17-20 | Technology/Inspec Exposition (Pittsburgh (412) 652 7589) | Pittsburgh |

BUSINESS AND MANAGEMENT CONFERENCES

| | | |
|-----------------|--|--|
| April 5-6 | Economist: Europe and Japan—prospects for interdependence (01-838 7000) | Tokyo |
| April 7 | British Franchise Assoc.: Expansion through franchising (Colnbrook (064 4900)) | Cafe Royal, W1 |
| April 12 | CBI/IMES: Company initiatives on unemployment (01-379 7400) | Centre Point, WC1 |
| April 13-14 | Energy Industries Council: Energy to the year 2000 (01-221 2043) | Brighton |
| April 13-15 | Management Centre Europe: '83 International Tax Conference (219 03 90) | Brussels |
| April 14-June 2 | FT Conference: FT City Course (01-621 1385) | Chartered Insurance Inst., EC2 |
| April 15 | ESC: Onshore oil exploration and production (Leeds (051 282 2711)) | Selfridge Hotel, W1 |
| April 20 | Henley Centre: Budget: effects on Business | Inn on the Park, W1 |
| April 20-21 | Numerical Engineering Society: Computer-aided engineering (01-878 9411) | Wembley Conference Centre |
| April 21-22 | FT Conference: Venture capital (01-621 1385) | Caledonian Hotel, Edinburgh |
| April 21-22 | Monadnock: Project financing (01-262 2732) | Press Centre, EC4 |
| April 21-22 | Riba: Effective professional marketing of architects' services (01-637 8891) | Britannia Hotel, Grosvenor Sq |
| April 26 | Macfarlane: The utilised securities market—part three (01-837 7488) | Press Centre, EC4 |
| April 27 | Oyez IBC: ITV—the gathering storm. Where does television go from here? (01-236 4080) | British Academy of Television Arts, W1 |
| April 27 | Staniland Hall Associates: The UK economy 1983-4 (01-359 6054) | Centre Point, WC1 |
| May 5-6 | Monadnock: Successful joint ventures in Egypt (01-262 2732) | Zurich |
| May 9-11 | IRS: 10th Zurich international corporate finance conference (01-637 4383) | Jersey |
| May 10-12 | RRC: International insurance conference (01-236 2175) | Royal Horseguards Hotel, Hamburg |
| May 17-20 | Lloyd's: Ocean carriers' rights and liabilities (01-247 9461) | |
| May 17-20 | EVAF: Business research for corporate development (01-637 1221) | |

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

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UK NEWS

NNC SEEKS NEW MARKET TO BEAT FUTURE CRISIS

Magnox export bid

BY A CORRESPONDENT

THE National Nuclear Corporation (NNC) is making efforts to export a smaller version of the Magnox power station.

The NNC faces a critical shortage of business in a few years' time and is pinning most of its hopes on a go-ahead for the Sizewell B pressurised water reactor (PWR) and the eventual development of a commercial fast breeder reactor in Britain.

The Magnox unit has a proven track record and NNC believes it has better immediate potential for export than the advanced gas-cooled reactor, the domestic performance of which will not become clear until at least 1990.

NNC's only export of nuclear plant involved two Magnox stations of 200mw and 154mw sold to Italy and Japan more than 20 years ago.

A British PWR would be a strong contender in the export market, but until at least one plant is built and expertise is proven the potential is small.

Meanwhile, NNC is trying to export a 300mw Magnox unit to countries where the economy cannot justify a bigger plant. Turkey is among those interested.

Previous experience has shown

that developing countries have difficulty raising the finance and NNC also faces competition from France and Kraftwerk Union.

A decision on Sizewell B is not expected for at least a year and NNC's managing director, Dr Ned Franklin, has told the public inquiry that one new nuclear plant order is needed every three years to maintain and improve expertise.

The recession has reduced expectations of orders for nuclear plants. Proof of expertise in at least one British PWR is a basic requirement of any export hopes, but the possibility of a complete plant being sold abroad depends largely on the go-ahead for a domestic programme of PWRS.

NNC knows British companies would not create specialist manufacturing equipment and facilities required for the coolant system, including the pressure vessel, without being assured of a domestic programme.

For Sizewell B the contract for the coolant system will go ahead with British companies involved only as fabricators. Other equipment and facilities will, however, be provided by British firms.

Congressman tries to stop steel deal

BY ALAN FORREST

U.S. CONGRESSMAN Peter Kostmayer met union leaders at a Scottish steelworks yesterday in an attempt to stop a transatlantic deal which he believes will cost too many jobs in both countries.

BSC chairman Mr Ian MacGregor's plan is that \$1bn worth of steel from the threatened BSC plant at Ravenscraig, Lanarkshire, should be supplied to U.S. Steel for finishing at its Furless works in Pennsylvania. He believes that the long-term nature of the agreement would guarantee the future of steel-making at Ravenscraig until the end of the 1980s.

But Mr Kostmayer, a member of the powerful U.S. House and Foreign Affairs Committee, said after the meeting: "We are hoping we can scuttle the MacGregor deal in the U.S. and keep people working - in Furless and in Scotland."

Union leaders on both sides of the Atlantic fear that if the deal

Companies say UK should stay in EEC

BY ROBIN REEVES, WELSH CORRESPONDENT

HALF of Wales's North American-owned companies and all but one of its eight Japanese manufacturing plants foresee "adverse effects" on their operations if Britain withdraws from the EEC, according to a survey by the Development Corporation for Wales.

A questionnaire sent to 82 foreign-owned companies in Wales revealed that 49 per cent of Canadian and U.S. subsidiaries and seven of the eight Japanese subsidiaries believe EEC withdrawal will damage their UK operations. Wales has nearly 200 overseas companies employing some 55,000 workers - or more than the numbers employed in the Welsh steel and coal industries.

Some 60 per cent of the companies questioned said they were first attracted towards making their investment because of the opportunities or benefits stemming from the country's EEC membership, such as

New sales of Boeing 757

By Michael Donne

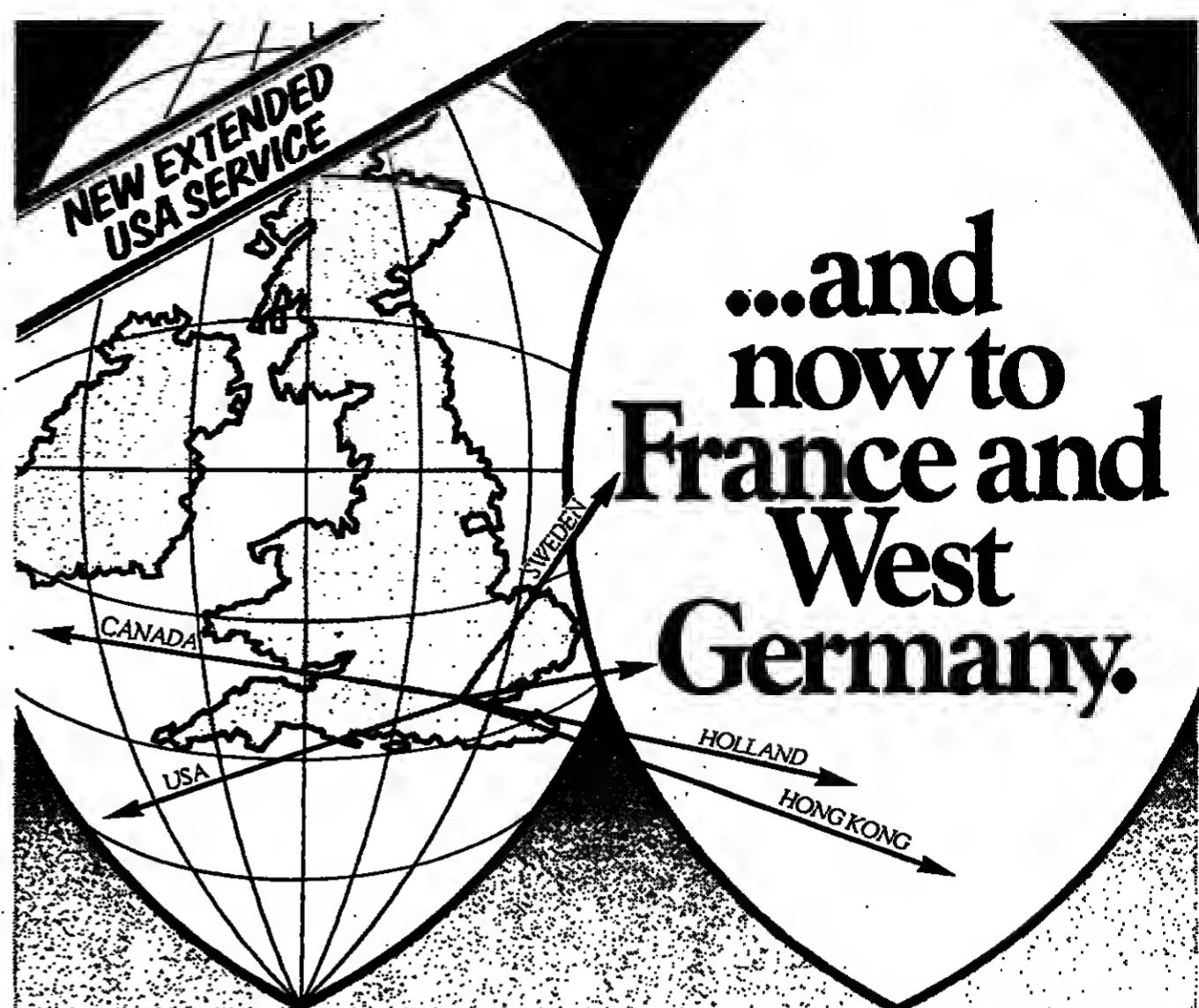
AIR EUROPE, the British independent airline, today becomes the third UK operator to take delivery of the new Boeing 757 twin-engine jet airliner.

British Airways took delivery of the first of 17 of the new jets in February, while Monarch Airlines, an independent airline, took delivery of the first of three in March.

Air Europe will be operating two Boeing 757s this summer, one of them leased from British Airways. Its own second jet is due for delivery in March, next year. Air Europe is spending more than £40m on its two 757s.

The new aircraft are powered by Rolls-Royce RB-211-524C engines. Air Europe, which is part of the Intasun Leisure Group, has been profitable since Intasun set it up in 1978. So far, cumulative pre-tax profits earned by the airline amount to nearly £10m.

The airline will be flying its two 757s and its fleet of seven Boeing 737s on holiday routes from Gatwick and other UK points to nearly 30 European destinations.



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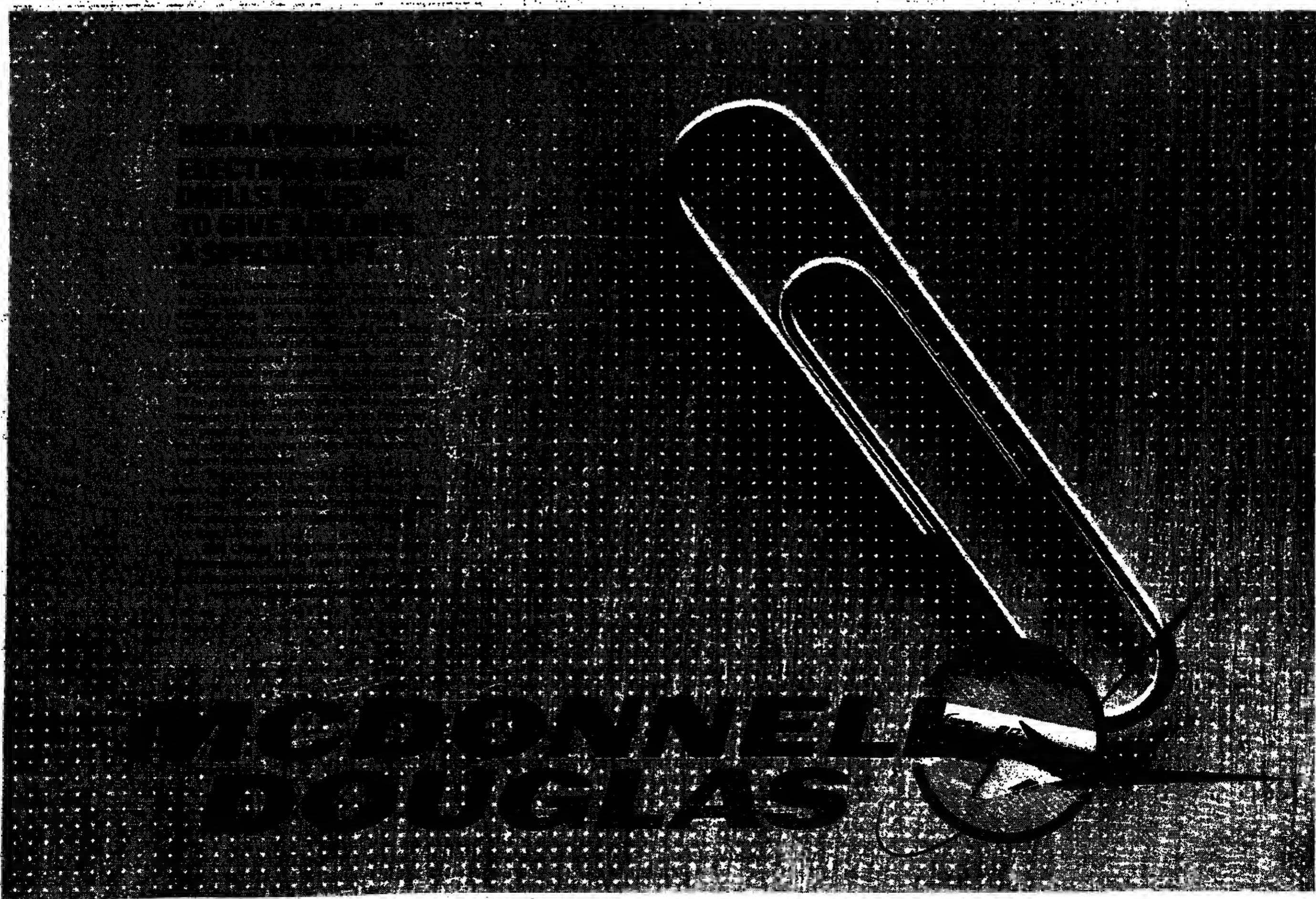
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THE RISE of unemployment since 1978 has been sharper than the Government's economists forecast, Sir Douglas Wass, Permanent Secretary at the Treasury admits.

Sir Douglas, who has just retired, was reviewing his nine years as head of the Treasury during a period of greater economic turbulence and sharper policy disagreements than at any time since the war. He is succeeded by Mr Peter Middleton, a 48-year-old Yorkshireman widely regarded as having a more open and combative public style.

Sir Douglas, who in many ways appears the model of a discreet senior "mandarin", has made few public statements in recent years, although in 1978 he showed himself to be highly sceptical about the possibility of implementing a rigid monetary policy without high costs in terms of unemployment and output.

In a lecture at St John's College, Cambridge, just before the Conservative Government came to power, he said: "To pursue a determined and predetermined de-escalation of the rate of monetary expansion without regard to the effect of other aspects of policy would be to risk imposing serious costs upon the economy."

How does he review those words now, when the rise to 3m unemployed, more than double the 1978 figure, is regarded by many people as a very serious cost indeed?

"I don't think monetary targets were adhered to. I think they over-

ran," Sir Douglas says. "What government did not do—and spectacularly not in the case of the U.S.—was to stick to monetary targets when they could only be achieved at horrendous cost, such as interest rates of 25 to 30 per cent."

But has not the Treasury argued that monetary conditions have remained tight—in spite of the easing of the monetary targets—because of technical factors like changes in the velocity of circulation of money?

Sir Douglas answers a trifle sharply, "If you are going to start making excuses, fine. But the fact is that we did not meet those targets."

So if the targets had been met would interest rates have been higher and unemployment even worse? Sir Douglas answers dryly: "The consequences would have been what they would have been... The economy would have suffered a bigger recession than it has."

The emphasis on monetary restraint and the defeat of inflation were not, of course, peculiar to the present Government. Monetary targets came in under a Labour government in 1976 in the UK and were instigated in 1974-75 in the U.S. So in 1978 when the Conservatives were preparing their medium term strategy, what was the Treasury's view about the cost in terms of unemployment?

"If governments were prepared to live with those inflation conse-

quences... they could do these things. I am not saying they would be wise."

"The world is a different place. Things are different and more difficult. Therefore the prospect of rapid non-inflationary growth is not one I entertain."

Partly because of his St John's speech, Sir Douglas is widely thought to have been lukewarm about the original conception of the present Government's monetary policy (though he will not even hint as much). Was there not a good argument at the time for using the exchange rate as a target, and has the exchange rate not assumed greater importance in the recent context of monetary policies?

"It is one of the factors taken into account in determining short term interest rates, but the principal target for monetary policy remains the monetary aggregates. The exchange rate is a much more short term indicator. It has no function in the Medium-Term Financial Strategy, which is constructed only to the monetary aggregates and indirectly to the public sector borrowing requirement."

One important factor which Sir Douglas believes has made life more difficult for civil servants is the widening gulf between the political parties not merely on the questions of economic management, but

about fundamental questions as to how the UK economy works.

This difference in fundamental approach appears to have brought the Treasury's work on technical questions about how the economy works much more into the public view. However, Sir Douglas holds fast to the traditional doctrine that civil servants must be loyal through thick and thin to their ministers (unless they act illegally).

However, he believes as much information as possible should be disseminated through Treasury research papers and via cross examination in parliamentary select committees.

Even before a committee, however, Sir Douglas believes civil servants should not reveal "embarrassing" material unless it is dragged out of them.

"I have given evidence to many select committees, and I notice that where I have not wanted to give some information to defend my minister, and a good parliamentarian has spotted this, he has been able to drag it out of me."

In an extreme case, perhaps if a new government was set on a wildly inflationary policy which the Treasury considered disastrous, wouldn't officials have a duty to tell the public or to resign?"

Sir Douglas thinks not. "My view is that the civil servant should only resign when powers assumed by the Government are unconstitutional or it is acting illegally."

UK NEWS

MAX WILKINSON TALKS TO SIR DOUGLAS WASS

Employment predictions 'were a failure'

"What we got wrong was the shakeout of labour"

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More importantly, the B20 can be networked with other B20's so everyone is always working with the latest, up-to-date information. And because the B20 can have

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INSURANCE

Cat and mouse with the Revenue

BY ERIC SHORT

IT IS three months since the Life Officers' Association and the Associated Scottish Life Offices ended the official agreement which imposed a maximum scale of commissions that member life companies could pay for life and pensions business.

But, contrary to some predictions, there has been no massive commission war between the traditional life companies and the newer, non-member life companies.

Instead, the controversy between the two groups concerns marketing of tax avoidance schemes and is one that has continued for the past two decades. The publication of the Finance Bill last week brought this controversy into the open again.

Agreement

The UK life assurance industry enjoys certain tax concessions, both through a favourable tax credit payment from the Inland Revenue on regular premium life assurance and in favourable tax treatment of the benefits. These concessions are set out in tax legislation.

The two life associations have a gentlemen's agreement with the Revenue not to misuse these tax concessions. This agree-

ment is more in the nature of an understanding which goes back quite a few decades.

Nothing is defined or written down. Spokesmen for the associations refer to the spirit of the tax concessions and their responsible use. This is taken to mean that the concessions will be used to encourage long-term savings, not for tax avoidance.

The non-member life companies, most of which were formed during the past two decades, have no such inhibitions about marketing tax avoidance schemes which make maximum use of tax concessions of life assurance. These companies do not acknowledge the existence of the unwritten agreement and operate solely within the letter of existing legislation. Thus, over the past decade or so, there has been a constant battle of wits between these non-member life companies and the Revenue.

The early 1970s were fruitful for tax planning schemes by these life companies, but the furore was caused by a massive clampdown by the Government in 1974. Over the past few years, a resurgence of tax avoidance schemes from these non-member companies followed. Three main ones appeared on the market—guaranteed income bonds, second-

hand bonds, and capital and income bonds.

The essential feature of all these schemes was that the planners took various individual life contracts and combined them in a complex package. Each policy on its own was not viable, but together they formed a highly tax-efficient package. What is more, all the schemes were within existing tax frameworks.

Legislation

The Revenue's reaction to tax avoidance schemes from these non-member life companies has been not to attack them under the existing legislation, which could have meant action through the courts, but to seek primary legislation to stop a particular scheme.

But such procedures are time-consuming. The Revenue first needs to establish that the marketing of any scheme is widespread, and the life companies concerned now adopt a low profile in such marketing. Then the Revenue has to draft the necessary Bill and seek Parliamentary time. While that is going on, the life companies enjoy a sales boom for the particular scheme.

This cat-and-mouse game has

infuriated the traditional life companies. By sticking to the unwritten agreement, they have had to watch while the non-member companies exploited a highly profitable tax-avoidance market until eventually stopped by legislation. Also, the traditional life companies are frightened that the Government will lose patience over tax avoidance and clamp down on the design and marketing of life assurance contracts and/or end the tax concessions.

The inconsistency of the Revenue is highlighted by the present situation. The Finance Bill sets out legislation and second-hand bonds, but says nothing about capital and income bonds. So the non-member life companies are concentrating their marketing on capital and income bonds.

This situation is clearly unsatisfactory. The Revenue needs to make a complete review of the legislation rather than confine itself to closing one tax loophole at a time. One straightforward solution would be to legislate against artificial contracts and make each life policy used in a package stand on its own actuarially, with the appointed actuary of the life company to certify each new contract to this effect.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interim or final. The sub-divisions shown below are based mainly on last year's timetable.

| | | |
|---|-----------|--------------|
| Ladbrokes | (William) | Supermarkets |
| McDonalds (Leicester) | | |
| Stewart Wrightson | | |
| Telecommunications | | |
| Interim | | |
| Printers | | |
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| Photo-Post Hunt | | |
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| W. Ribbons | | |
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| INTERIM & INTEREST PAYMENTS | | |
| Aeronautics (Ipswich) 0.65 | | |
| Banks (Society) 2.50 | | |
| British Electric Traction Div 1.863p | | |
| Cambrian (Llanelli) 1.00 | | |
| Davy Corran 1.18 | | |
| Fleetwood American Invest Trust 7.5p | | |
| Foreign and Colonial Invest Trust 1.40p | | |
| Fraser (Glasgow) 10.94-95 4.40d | | |
| Jones Strand 2d | | |
| M&G 2.20 | | |
| ML Higgs 2p | | |
| New Zealand (Gow) 0.94 Floating Rate | | |
| Penland Invest Trust 5.49 | | |
| Postal Savings 5.875 | | |
| Ramsey (Willesden) 7.10d 1991-95 | | |
| Jameson 2d | | |
| Trident Computer Services | | |
| Phoenix Assurance | | |
| Sparrow (G. W.) | | |
| Standard Chartered and London Insurance | | |
| Union (Airtex) | | |
| Vestas 1.00 | | |
| Winton (Aldershot) | | |
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THE ARTS

Easter concerts/Barbican Hall

Dominic Gill

Elsewhere the City of London was as quiet as the grave, but the Barbican Centre itself was a festive hive of music over the Easter holidays. The theme (echoing similar past events in America and Australia) was "Mostly Mozart," concerts afternoon and evening, supported by a lively day-long sequence of foyer events—strolls, a vocal quartet, and even Mozart's musical dice-game arranged for computer. At daylight level a Café Mozart served whipped cream with everything. If numbers are a measure of success, the Barbican will be justly encouraged: nearly 1,500 people arrived to hear Alan Civil lead his ensemble of 200 horns on Saturday, and the hall for Christopher Hogwood's concert with the Academy of Ancient Music the following afternoon was gratifyingly well filled.

In the name of authenticity, Hogwood inserted a couple of concert arias between the minuet and finale of Mozart's Haffner symphony, and also gave us permission to applaud after every movement. These were so incisive. That was fair and amusing enough; but the real point and authentic delight, of the performances was no more than their correct instrumental scale. To play the Haffner symphony with pairs of wind instruments only and no more than 18 strings is not to be fair, the only way of performing it well; but to hear it so played can be to understand, as never before so clearly, why so many full-orchestral performances are so hopelessly wrong. Conductors need the experience as badly as audiences: how

ever.

Conductor: need the experience as badly as audiences: how

ever.

Tennstedt/Festival Hall

Dominic Gill

The London Philharmonic Orchestra's performance of Mahler's sixth symphony under Klaus Tennstedt last Thursday night was a brilliant tour de force, and in some ways one of the most exciting accounts of that work to be heard on the South Bank for many seasons. In one important respect, however, I thought it misconceived.

Given that the best and most (harmonically as well as dramatically) consistent ordering of the movements of Mahler's Sixth places the scherzo second, a great part of the force and the sense of the symphony hinges on the relationship, especially the tempo relationship, between the two massive opening movements. The first, an allegro energico qualified by an all-important *ma non troppo*, demands shaping of the greatest flexibility, but must never escape from its relentless undramatic tread—more manic-maestoso than Mozartian allegro. Nor must it ever seem ponderous; but in their desire to achieve what they perceive as the right degree of music-Mahlerian glitter, and to avoid at all costs seeming to drag the tempo, some conductors even take the first movement so fast that its basic pulse approaches that of the scherzo.

As soon as the scherzo begins, this is perceived as a serious dramatic error: the opening of the second movement becomes no more than a repetitive extension of the first, uneasy and hyperbolic pendant, instead of the razor-edge ironical contrast, fierce up-tempo seizure, that we may be sure (which is to say musically, instinctively) Mahler intended. Although I have never heard an argument in its favour, this blunting of contrast is not an uncommon approach, and is chosen by some, though not all, of the

Wellington papers for Southampton University

Mr Paul Channon, Minister for the Arts, has allocated the papers of the First Duke of Wellington to Southampton University.

finest modern Mahler conductors. Last Thursday at least, true to form, there was no half-measure to Tennstedt's proposition: as the scherzo began, its triquet quavers were heard to be exactly as fast as the common-time crochets which had ended the first movement a page before.

And that was very fast indeed.

In order to achieve such a perfect match of basic pulses, Tennstedt had hurried the first movement up and on with enormous, irrepressible spring. As such, and it seems, another piece of music entirely alive with brilliant lights, good humour, breezy efficiency. Its scherzoso theme buoyant with gaiety. The reading was impressive in its way, but even so vividly and precisely conceived, the effect was trivialising. Heavy clouds were everywhere lightened or lifted; the force of the *Alma* theme itself was diluted; the darkest currents were overlaid with a wash of roseate sparkle.

A lapse of taste rather than of musicianship perhaps; for it was a performance otherwise, and as a whole, of remarkable command and clarity. Tennstedt's rhythms, like his instrumental colours, are living things; even his simplest textures, as a result, have vital presence. The andante was a model of lyrical refinement and delicate orchestral pointing. The finale, driven with all the fires of hell at its back, once tripped a rhythmic metre

On paper, the latest Covent Garden *Don Carlos* series promised a venture of the highest importance. For the first time in London, an opera that Verdi composed to a French text and later revised to a French text was actually to be sung in its original language, not in the clumsy Italian translation which has for so long held the international opera stages.

No less significant, the version chosen was neither of the later forms (the four-act opera of 1883 and five-act of 1886) in which *Don Carlos* is now almost always encountered, but in large part Verdi's Paris original, including those celebrated passages, cut by the composer before the 1867 première, that Andrew Porter rediscovered in Paris in 1970. The *Ur-Don Carlos* is new to Britain: Radio 3 gave of it a splendid account in 1973, and the Chelsea Opera Group and English National Opera have at other times subjected various "Porter" and 1867 passages to the test of live performance. Thursday's Midland Bank Prom, which omitted the obligatory Paris ballet, was not quite an unfledged Paris revival, yet it was set at nought by the pathetically ineffectual quality

roles) came from Mr Allen and Mr Lloyd, but it remained mostly singing in a vacuum, in neither was there to be discerned any engagement with character and drama on a suitably large scale. Alone of the principals Stefka Evstafeva as Elisabeth gave off any warmth; the top of the voice needs honing, and the whole role (not

prodigal with chest voice). The calm, serious manner and bearing of Richard Van Allan's Father Superior almost does duty for a sonorous Verdian basso cantante.

And yet, over and above its unequal component parts, this *Forza* lives as drama, which *Don Carlos* entirely failed to do. The reasons are quickly deduced. The ENO has a chorus involved in its work, not some haphazardly detached therefrom. As prima donna the ENO has a great singing actor in Josephine Barstow; after a *cupo* first scene, her Leonora burst into flame, creating for the evening a focal point that held one intensity even in her absence. And the ENO has imported a conductor, the young American John Manceri (previously seen in Wales and Scotland, making here his London debut) who is on this occasion a Verdian of quite startling stylistic mastery. The scoring glowed with colour; unlike the young Verdian lions of the day, Mr Manceri is not afraid to be expansive in his phrasing, to broaden and linger, to let the vocal lines breathe. To the company's achievement be given a splendid new impetus.

And certainly, the Paris *Don Carlos* was worth hearing, even in this limp, fuzzy-edged emanation. Verdi was not wrong to revise his noblest operatic conception 16 years later. He wanted concision, dramatic urgency; he made the 1883 *Don Carlos* swift-speaking, concentrated, where earlier it had been apt to expand grandly—it was a pity that the Royal Opera, opting for the later and shorter versions of the first Carlos-Posa duet and of the Act 4 finale, should not have subjected to a thorough examination Mr Porter's programme note assertion that the Paris *Don Carlos* is coherent in musical style, in pacing, and in dramaturgy as its later forms are not.

The trouble, indeed, with the work in all its guises is that only the very highest standards of execution will suffice. On Thursday the best singing (apart from that of John Tomlinson and Jean Rigby in small

just the words) polishing, but beauty, dignity, and commitment are already there for the asking. Bernard Haitink has already been widely praised, but until a late stage he seemed to me to be going through the motions of a Verdi conductor—earnestly, with little of his admired fire or muscle. True, he can have derived little encouragement from the doings on stage; but no less true, he offered little thereto.

The night before, the ENO had brought back its *Force of Destiny*. Comparisons between the two revivals, exactly consecutive in order of performance, as they are in the Verdi canon, were illuminating. The 1969 ENO *Forza*, never exactly distinguished to begin with, is now, in most scenes, a bit of a mess; the popular episodes of this magnificently untidy epic have lapsed into predictable insertions of Anglo-Iberian high jinks, albeit energetically undertaken.

The large cast, a mixture of amateur ENO interpreters and newcomers, is uneven. Kenneth Collins is a tenor first—a brave, unstinting one—and an Alvaro second, some way behind. Neil Howlett's Carles is less sharply outlined than formerly. Alan Opie's first Melitone promising but not yet quite idiomatic. Della Jones's first Preziosilla exhilarating but dangerously

prodigal with chest voice. The calm, serious manner and bearing of Richard Van Allan's Father Superior almost does duty for a sonorous Verdian basso cantante.

And yet, over and above its

Max Loppert reviews Don Carlos and The Force of Destiny which opened in London last week.

of his performance. But in Thomas Allen's Posa, Robert Lloyd's Philip, and most strikingly in the Inquisitor of Joseph Rouleau (threadbare of tone, but at his most commanding in his native tongue), there was shown to be the valuable raw material for some more vigorously and cogently produced French *Don Carlos* of the future.

And certainly, the Paris *Don Carlos* was worth hearing, even in this limp, fuzzy-edged emanation. Verdi was not wrong to revise his noblest operatic conception 16 years later. He wanted concision, dramatic urgency; he made the 1883 *Don Carlos* swift-speaking, concentrated, where earlier it had been apt to expand grandly—it was a pity that the Royal Opera, opting for the later and shorter versions of the first Carlos-Posa duet and of the Act 4 finale, should not have subjected to a thorough examination Mr Porter's programme note assertion that the Paris *Don Carlos* is coherent in musical style, in pacing, and in dramaturgy as its later forms are not.

The trouble, indeed, with the work in all its guises is that only the very highest standards of execution will suffice. On Thursday the best singing (apart from that of John Tomlinson and Jean Rigby in small

just the words) polishing, but beauty, dignity, and commitment are already there for the asking. Bernard Haitink has already been widely praised, but until a late stage he seemed to me to be going through the motions of a Verdi conductor—earnestly, with little of his admired fire or muscle. True, he can have derived little encouragement from the doings on stage; but no less true, he offered little thereto.

The night before, the ENO had brought back its *Force of Destiny*. Comparisons between the two revivals, exactly consecutive in order of performance, as they are in the Verdi canon, were illuminating. The 1969 ENO *Forza*, never exactly distinguished to begin with, is now, in most scenes, a bit of a mess; the popular episodes of this magnificently untidy epic have lapsed into predictable insertions of Anglo-Iberian high jinks, albeit energetically undertaken.

The large cast, a mixture of amateur ENO interpreters and newcomers, is uneven. Kenneth Collins is a tenor first—a brave, unstinting one—and an Alvaro second, some way behind. Neil Howlett's Carles is less sharply outlined than formerly. Alan Opie's first Melitone promising but not yet quite idiomatic. Della Jones's first Preziosilla exhilarating but dangerously

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And yet, over and above its

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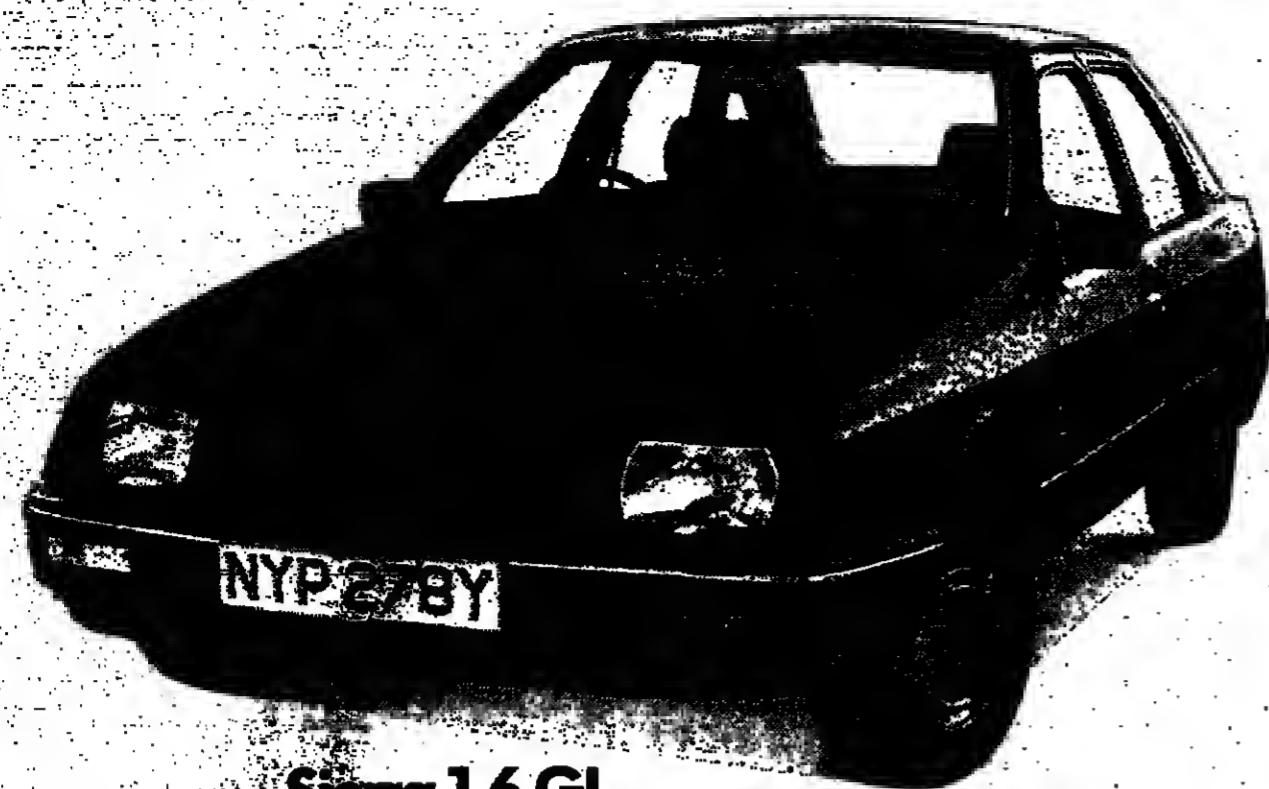
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Cloth upholstery.
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Handbrake warning light.
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Rear fog lamp.
Front head restraints.
Cloth upholstery.
Front seat belts.
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Her Majesty's Inspectors of Taxes think they are exactly the same.

Happy New Tax Year 1983-4. Unhappily though, the taxable benefit rating on company cars is increased. Anything over 1800cc is now rated at an expensive £650. While anything between 1301cc and 1800cc is less taxing at £425. In theory then, the Ford Sierra 1.6GL and the Volkswagen Santana 1.8LX are in the same class. So much for theory.



THE MANAGEMENT PAGE: Small Business

WHEN THE Birmingham-based Moss Engineering group went into receivership last July, Lancashire folk were very upset: the management of the Moss Gear Company of Accrington, a subsidiary, did not see why their company should go to the wall when they were making it pay.

Basil Fone, the managing director, Frank Pickles, the works manager, and Les Wilson, the accountant, were determined to save the company when all three had worked together for 12 years. They went to the offices of the local district council to see if there were any grants available.

Council officials passed them on to a firm of accountants in Preston who in turn recommended they try a new company, Lancashire Enterprises Ltd (LEL), for help.

LEL moved very rapidly. By August 27, Fone, Pickles and Wilson were directors, managers and partners of FFW Axes, a new company with an authorised capital of £100,000. Each had put up his house against loans from the Midland Bank and LEL had undertaken to provide half the money in return for preference shares and a seat on the board.

What makes this more than an ordinary buy-out is the identity of LEL's owners—Lancashire County Council. For LEL is the means by which the county has decided to pursue industrial regeneration.

It is not merely an agency, or an enterprise board, or an economic development office. It has been given powers to behave independently of democratic control, rather like the docklands development corporations for London and Liverpool, and yet unlike the docklands bodies it is not there merely to disburse money, but to make a profit on its investments.

LEL's managing director is Andrew Flockhart, a 45-year-old Scot and former economist with the National Economic Development Council, who took up another tough job—as Glasgow's business director—move to Preston. He exudes an uncompromising attitude of aggressive entrepreneurialism.

He says: "The great problem about small business support in the UK is that everyone concentrates on buildings and money and thinks that the small businesses will then flourish. The country is awash with cash for new companies, usually in the hands of banks and finance houses where very little is known about managing anything but money."

"At present, there is 180m sq ft of empty factory space in the UK. 35m of it in the North West alone. We need



Andrew Flockhart at Johnson's laundry, LEL's second major investment, where 80 jobs were saved for an outlay of £100,000

Potential for growth is inevitably one of LEL's criteria when deciding where to put some of the £6.6m it has been allocated by Lancashire County Council. Most will go into assisting buy-outs, of which 14 should have been completed by the summer. A network of bank managers and accountants have been made aware of LEL so that it can be called in where applicable.

Flockhart sees the best way of encouraging growth to be by taking equity and a seat on the board to influence corporate planning. Among other things, the arrangement gives access to monthly management accounts.

Flockhart regards half-yearly accounts as historical and very limited in managerial usefulness.

But growth will not be sought for the sake of it and the concept of "planning agreements" is scorned. Flockhart says that growth must be marketed, which comes back to the basic belief that good management and marketing skills are more important than anything else for any company, and the real guarantee of an eventually good return on capital employed.

There is one blot marring LEL's record. The LEL board members who represented the opposition party on the county council have resigned because the board voted to keep all negotiations secret to preserve commercial confidentiality. This hindered their reporting back to party colleagues—and even the controlling group had trouble selling the idea within its own ranks.

Given LEL's commercial orientation and the current national philosophies of the political parties in Britain, many might see the resignation as a typical Labour reaction. But in fact, Lancashire's opposition party is Conservative. LEL was set up by a Labour party that, unlike those in the North West combinations of Merseyside and Manchester, still has the unimfiltrated look of social democracy about it.

The advice on how to do it came from the Manchester management consultants, Collinson Grant, best known for their advocacy of managerial hawkishness in the private sector, and the man responsible for the thinking behind LEL is Jim Mason, of the Co-operative Bank, Co-operative Insurance Society and Co-operative Wholesale Society.

Mason, who learned much about industrial development while chairman of Warrington New Town, is now chairman of LEL. He is keeping the seats on the board vacant in the hope that the Conservatives will come back.

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"As it is, too many companies are just interested in a comfortable existence. I always get worried when I see things like Porsches, personalised number plates, and the trappings that many small businesses think indicate success. So many managers say: 'What do I need for growth?' Well the lessons of not having growth are all around us. In the long run, everyone suffers."

An original approach to industrial regeneration

Ian Hamilton Fazey on an investment project in the North West

new factories like we need a hole in the head. Four things are really needed. The first is good management and the second is a deep managerial understanding of marketing in its broadest sense, not just advertising and promotion. Monay and premises then come third and fourth."

In the case of FFW Axes, LEL was rapidly convinced that Fone, Pickles and Wilson knew what they were doing. Events have proved LEL right. Les Wilson says: "We expect to achieve a £250,000 turnover this year. We have a substantial order book and are working flat out at full capacity to get our axes out."

Flockhart, who runs LEL out of the old Preston Docks offices with a staff of six, reckons the FFW buy-out was the sort of value for money that should be expected from aid to small business. He points out that normal government aid usually results in each job created costing about £25,000. He says that judicious investment in buy-outs would cost very much less than that—provided there are no economies to be made available to him as makes the company work. LEL's capital will be used to re-equip the laundry to pursue new and wider markets.

LEL is also buying up some old mills. FFW Axes, for instance, occupies part of the mill from which the old Moss company operated, renting from LEL which bought it. The rest is going. Aged 80, and with no successor on hand, there was some danger that the company would founder, with its local market and job lost to a Manchester giant.

He sees management education as critical, with emergent managers needing to be taught new techniques as they develop. He says: "If companies are to survive and grow, managers have to understand management better. Too many managers regard the Harvard Business Review, Management Today, or the Management Page of the FT as just for intellectuals when they should be part of every managerial life."

Flockhart intends to set up similar centres in empty mills in Blackburn, Burnley, Skelmersdale, Leyland and Preston.

In each is going to copy an American model he discovered in Minneapolis on an ideas trip last year, greatly extending the

communal services usually considered sufficient.

As well as centralised reception, secretarial services and telephone answering, will be adding a cafeteria, conference room, business teaching seminars, a library, a mini-computer, an equipment hiring service and access to the nearest government-sponsored information technology education centre, which may well be in the building anyway.

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How the Government funded a buy-out

BY TIM DICKSON



Trevor Humphries

ON CASUAL inspection the sale last year by BOC of the industrial gases group, of a 40 per cent stake in Triad Computing Systems was just another round-of-the-table corporate deal. After all, the £300,000 proceeds represent about half BOC chief executive Dick Giordano's gross earnings in a full year.

However, according to Tony Hardcastle, Triad's managing director, the way in which the managers of the small computer business bushes bought out the minority stake from BOC broke new ground.

Almost by definition managers involved in a buy out dip into their own pockets—often with great difficulty. But in this case—where admittedly the 30 or so executives already controlled 60 per cent of the equity and where the company involved was cash rich—they succeeded in buying out the minority partner using their company's own reserves.

The key to the transaction lies in sections 42 and 43 of the 1981 Companies Act. Section 42 debars companies giving one buying shares unless, among other things, it is done by a "dividend lawfully made"; section 43 outlines a further relaxation of this restriction for private companies.

Triad started trading in 1973 after executives from an early software house Computer Analysts and Programmes (CAP), approached the industrial gases giant for start-up capital.

"At the time many big companies were diversifying and BOC was no exception. They had a New Ventures Secretariat but we actually got the money from another part of the group. It was the first BOC investment in a software business."

Altogether BOC subscribed \$42,000 for a 40 per cent stake, the idea being that besides the cash it would push new business Triad's way. Hardcastle says this side of the bargain never really worked out but nevertheless Triad thrived and has enjoyed virtually uninterrupted freedom over the last 10 years.

Then, early last year, following previous expansion of BOC's other computer software interests, Giordano opted for divestment.

"When BOC offered us the chance to buy them out we began to think how we could

raise £300,000 without putting up any of the money ourselves," recalls Hardcastle.

The solution was as follows. A new company, Triad Computing Systems (Holdings), was set up. This company then issued all its share capital to the executives of Triad Computing Systems in exchange for the 60 per cent of Systems not owned by BOC.

The next step was for Triad Systems to declare a dividend which Holdings waived. In respect of its 40 per cent BOC received just over £94,000 worth of further £43,000 or so since it arrived in BOC's hands as franked income, ie, income on which tax has already been

paid. BOC could thus offset this £43,000 against its tax bill, while Systems, as a profitable company, will find that the Advanced Corporation Tax payable on the dividend can be offset against its mainstream corporation tax liability. The result is that a substantial slice of the asking price was paid by the Government.

The final stage was for Holdings to turn to Systems—which still had its outside minority interest—and offer to buy this out. Some £116,000 cash and a two year £50,000 loan note made up the £300,000 acquisition cost originally agreed.

Hardcastle says it took most of the second half of last year to get Inland Revenue clearance, including that under section 460 of the Income and Corporation Taxes Act 1976 (designed to stop highly taxed income being converted into more lightly taxed capital). The directors of Triad also had to make a "statutory declaration" that the company would be able to pay its debts while the auditors had to sign a statement endorsing this.

He points out that legislation on the repurchase of shares involved complications in this case and would not have afforded the opportunity to use the ACT route.

The new unshackled Triad now has offices in London and Guildford, a turnover this year of around £2.5m and profits of perhaps £200,000. "There were one or two minor restraints when we had BOC as partner," says Hardcastle. "But the most significant advantage of our independence is that if we want to we will be able to sell the company more easily when we retire."

In brief...

"HOW TO Understand and Use Company Accounts" by Ray Warren, a partner in Rokson Rhodes, is written as the case study of a fictitious medium-sized business.

It explains the traditional format of accounts, inflation accounting, the impact of the 1981 Companies Act, and the way in which accounts can be used by businessmen to assess the performance of other companies. Available direct

from Business Books, 17-21, Conway Street, London W1P 5HL. Price £10.55 (hardback), £8.50 (paperback) inc. p. and p.

"HOW TO make your business grow"—a glossy 12-page guide which accompanies the Government's current publicity campaign—is now available. It lists all the available schemes, including changes made in the Budget. For a free copy dial 100 and ask for "Freephone Enterprise."

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THE COMPANIES ACT 1948
AND IN THE MATTER OF
ST. JAMES'S MARKET
COMPANY LIMITED**

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Society will be held in the Hall of the Society, 10 Cannon Street, London EC4Y 4BY, on Thursday, 21st April 1983, at 10.30 a.m. to consider the accounts and balance sheet for the year ended 31 December 1982 and the reports of the Directors and the Auditor, and to receive the Auditor's report and the Auditor's statement.

The Auditor is entitled to attend and vote at any General Meeting to be held at any time before the date fixed for the meeting, but not later than forty-five days before the date of holding the Meeting.

D. A. BERRIDGE,
General Manager,
31 St. Andrew Square,
Edinburgh.

HUCKLEBURY CHAMBERS COUNTY COUNCIL

The County Council issued on 31st March 1983 £6m Bills due 30th June 1983. Tenders totalled £56m and the entire bill was paid. There are 418m other Bills outstanding.

H. H. VARTANIAN,
Director.

REDACTED

Tuesday April 5 1983

Question mark over BNOC

A RECOMMENDED pricing package for North Sea oil is now being mulled over by producers and refiners. The process by which the new price recommendation was reached has focused new attention on the role of the British National Oil Corporation.

BNOC's statutory duty is to purchase at least 51 per cent of all crude oil produced in UK waters. This it sells either back to the producers or to third parties. BNOC, therefore, has no option but to lead UK oil price negotiations.

This means finding a formula which is accepted by both producers and consumers of North Sea crude; which maintains as far as possible the Government's oil tax revenues; which recognises the general weakening of world oil prices; and which does not trigger retaliatory price cutting action by Nigeria and the rest of Opec.

In the event, BNOC has come up with an ingenious two-tier compromise. But the Government must be asking itself whether, through its state trading organisation, it should be put in such a pivotal pricing position. In recent weeks, ministers have been clearly embarrassed by the attention focused on the Corporation.

The situation last year of Britoil, the Corporation's profitable exploration and production partner, has left the remaining trading body financially exposed and vulnerable. It has to resell UK oil at the same prices, as it buys it, so there is little scope for BNOC to make a surplus. But the Corporation can easily make a substantial loss if customers—like Gulf Oil—turn their back on contract supplies and it is forced to sell the state's oil on a depressed spot market.

There is no reason why Government should not accept such losses, provided that BNOC is acting in the interest of the economy as a whole. But is it? Indeed, is the Corporation needed at all?

Free market

Mr Nigel Lawson, Energy Secretary, rightly extols the virtue of free market pricing in energy. It is the system which is supposed to exist in the North Sea, even if Opec ministers, witnessing BNOC's involvement, remain unconvinced. BNOC is widely perceived as a price-setter. As a result, the Corporation is subjected to many conducting outside pressures.

Left to themselves producers

and customers would be quite capable of agreeing North Sea prices in the light of market conditions, just as they do in the U.S.—the biggest oil producer in the non-communist world. It is rarely drawn into international pricing battles in the absence of government involvement. Another is that the U.S. does not compete with Opec on the export market.

Tax problems

Removing BNOC from the UK pricing scene would undoubtedly cause problems. The Inland Revenue would need to find a new method to assess North Sea oil for taxation purposes. The Government would also have to satisfy itself that oil companies were not abusing their newly-found freedom by transferring crude between their producing and refining affiliates at prices designed to escape UK taxation.

Smaller independent producers, which now sell much of their output to BNOC, et al, could find themselves involved in much tougher negotiations with the refinery affiliates of big multi-national corporations.

But none of these difficulties need be insurmountable. The biggest problem would come in tackling the raison d'être of BNOC—the issue of the security of all supplies for the UK.

BNOC has been kept alive because the Government wants to ensure it retains control over at least 51 per cent of the country's oil output. By channelling over half of the UK's production via BNOC the Government knows that in the event of a future energy crisis the country would not grind to a halt through lack of oil.

Left to their own devices in the event of renewed shortage, international oil companies would probably follow one of two courses. They might either apply a system of equal misery in countries where they supplied oil, or they might be tempted to sell their inadequate oil supplies to the highest bidder.

Even in these times of glutted energy supplies, it would be wrong for the Government to ignore the importance of oil security. But it should be possible to find other methods of retaining security—perhaps through Government reserve powers—without BNOC and its attendant publicity. The role of BNOC, and the method by which the UK oil prices are set in future, should be high on the Government's agenda.

Left to themselves producers

Lome: the need to persevere

STUDIES of the impact and effectiveness of aid and other support granted by the industrialised to the developing countries rarely fail to be depressing. Stories abound of money spent to little effect or otherwise wasted and are matched by failures to meet aid targets and of good intentions going awry.

A newly published report of the relationship between the EEC and the 63 African, Caribbean and Pacific (ACP) countries joined to it by the Lome convention is no exception to this discouraging picture. The Lome convention, often hailed as a model of how to handle relations between industrialised nations and the Least Developed Countries, the authors find, had only a marginal effect on the exports of the ACPs.

The ACPs' during the 1970s even failed to maintain their share of markets for primary products in the EEC and, in particular, failed to open up new markets there for their manufacturers. The duty free access to the Community granted to the ACP signatories of the convention thus failed to achieve hoped for objectives.

Difficulties have dogged Stabex, a fund set up under the Lome Convention which was designed to compensate the ACPs for any decline in certain of their exports to the Community. In the recent recessionary climate in Europe the 550m European Units of Account (about £42m) set aside for this end in 1979-82 has proved inefficient. Compensation claims on the fund have had to be scaled down by half and more.

Hard talking

There is, thus, sure to be some hard talking in Brussels on May 16-20 when representatives of the EEC and the ACPs meet to discuss, first, the future of Stabex, and then to review all issues connected with Lome. A date may be chosen, probably in September, to begin negotiating a successor to the present second Lome Convention which expires in 1984.

Preparatory work done by M Edgar Pisani, the European Commissioner dealing with

development aid, contains several suggestions pointing in the right direction. He suggests that the Community itself and its members should raise their aid to developing countries above the present 0.52 per cent of Gross Community Product.

Next M Pisani proposes that EEC aid strategy should give priority to the development of agriculture in the developing countries and to helping them feed themselves. On the side of the recipient countries that could easily be seen as an attempt to hamper the building up of their industries. Experience so far in this difficult field would seem to back the Pisani approach: the Newly Industrialised Countries of South East Asia began their take off after the so-called Green Revolution had steeply increased farm output.

Project aid

Much of the coming debate will concentrate on Stabex. According to one school of thought the Community would be wise to give priority to project aid rather than to the undifferentiated financial transfers made by Stabex. The importance of project aid remains undisputed, but the allocation of those Community funds now reserved for Stabex to this purpose would needlessly arouse competitive conflicts between Community members. It would also confirm ACP auspices that their freedom of choice is being restricted.

Given the scant successes so far achieved, is there much point to M Pisani's proposal to make Lome III open ended instead of limited to five years as its two predecessors were? Here it needs to be recognised that development is a slow process which must suffer if the future more than five years hence becomes needlessly uncertain.

The authors of the report conclude that trade preferences such as those of Lome will have only marginal effects in the short run. The qualification is important. In spite of the lack of success shown hitherto, the Community should give the imaginative Lome experiment a more prolonged trial.

THE SUDZHA work camp on the Russian-Ukrainian border is a miserable place, especially in the cold and wet.

Rows of weather-worn huts, some appropriately cylindrical in shape, serve as home for 400 pipeline construction workers. Sections of the Siberia-Europe gas pipeline, so vital to the Soviet economy, are apparently haphazardly in mud churned by heavy lorries.

And yet, in a corner of the camp site, teams of women employ modern automatic and manual welding techniques to join the large diameter pipe sections in what is clearly well-rehearsed operation. The Sudzha workers aim to weld and lay up to eight kilometres of pipeline each week. Progress is recorded on a large productivity chart which dominates the entrance to the camp site.

Official

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Left to themselves producers



"Most have been with us for many years," he said, dismissing allegations from the U.S. State Department and others that forced labour is being used on pipeline construction.

"Specialists realise that forced labour cannot make such projects. They need specialised labour," he went on. "But he added a significant rider: "I must say, though, that I don't see anything shameful in using the labour of prisoners. They must work. On other projects in our country they are used—but not here."

In order to speed the completion of the export line the Ministry of Gas and Oil Construction seems likely to opt for its own Soviet-built compressors rather than wait for the delivery of all the import compressor units ordered from Western European manufacturers. Work on these orders were delayed last year as a result of President Reagan's temporary trade embargo on pipeline equipment.

Forty compressor stations are to be built to keep the gas flowing at 70 kilometres an hour. 17 are due to be completed this year with the remainder being installed in 1984. Bearing in mind the short time for completing the line, I think most of the machines will be Soviet ones," said Mr Vasilev.

Not that the imported compressor turbines will be wasted. Any not used on the export line will be installed on one of the parallel pipelines serving Russia's internal market.

This raises the question whether the Soviet Union will continue to import pipeline equipment and technology. About 30 per cent of the pipelaying machinery used on the export line has been imported, mostly from Japan. Komatsu machines very much in evidence. This is quite apart from the estimated \$3.5bn (£2.3bn) worth of imported pipe, turbines and ancillary equipment used on the pipeline itself.

Ministers and officials gave the impression that substantial imports would continue. "If a specialist believes he knows everything better than others, then he is making a big mistake. International experience will always be of interest in our country," said Mr Nikolai Belyi, chief of the foreign relations staff in the Ministry of Gas Industry. "We want to cooperate with countries with a great deal of experience in gas extraction—the U.S., Canada, West Germany and the UK."

Whether Western leaders, principally President Reagan, will be willing to reciprocate remains in doubt. It is also questionable, given its hard currency constraints, whether the Soviet Union will be able to afford all the imported energy-producing technology that it needs.

But these questions will have to be addressed when, as seems increasingly likely, the Soviet Union is forced to entice Western Europe with even more exports from its vast gas reserves through yet a further pipeline of mutual dependence.

SIBERIA GAS PIPELINE

'Yesterday, 32 kilometres more'

By Ray Dafter, recently in Sudzha

official at Soygazexport admits: "This is not the best time to sell gas with low prices and low consumption."

Reports within the international gas industry suggest that Soygazexport may soon come under increasing pressure to lower its export prices. Details are supposed to be a secret but it is known that the gas contract prices are based on a formula related to oil prices weighted 20 per cent for crude oil, 40 per cent for gas oil and 40 per cent for fuel oil.

In recent months oil prices have been tumbling, helped along by the Soviet Union's own aggressive export pricing policy. As a result the flow price of Soviet gas exports fell to \$3.50 a million British Thermal Unit (BTU) is looking vulnerable. In France, for instance, gas industry estimates suggest that the current price of Soviet gas is still about 25.5m cu metres now being delivered annually to Western Europe under previous long-term agreements.

Now, however, Soygazexport has resigned itself to the fact that new export sales may not amount to more than 29.1m cubic metres a year. This would be a turn-around in addition to the 25.5m cubic metres now being delivered by the Soviet Union to Western Europe under previous long-term agreements.

This report showed that Soviet hard currency earnings from gas exports were likely to fall from \$170m in 1980 to \$12.5bn (in 1980 dollars) by 1990, even though the gas industry estimates that the current price of natural gas delivered to Austria over the Austin-Ostend border should be no more than \$4.65 a million BTU when calculated on the oil-related formula.

The prospective purchasers of Soviet exports face a number of options. If the weak market persists they are entitled to renegotiate the contract terms.

They could possibly reduce their liftings and buy more cheaply elsewhere. It is understood, for instance, that in 1980 the Soviet Union would no longer be in a position to export crude oil and refined products and that it would be exporting 70m cu metres a year of natural gas (27 per cent more than current contracted rate of 50m cu metres a year).

Alternatively, the importers may decide to grumble and bear it on the basis that even at \$5.50 the Soviet floor price is not out of line with export prices being charged by Algeria and Norway.

Furthermore, it is thought the Soviet Union has attempted to provide itself with guarantees by including a "pay now, take later" clause in contracts. Under this provision the difference between the market-related price and the higher floor price paid by importers to pay in return.

The Soviet Union is hoping to increase its exports with sales to Greece and Turkey. Preliminary negotiations have also begun with gas importers in Sweden and Finland. But Mr Vladimir Mikhalev, first deputy

productivity targets set each week.

An experienced welder can earn 600 roubles (£24) a month—three times average earnings in the Soviet Union—when he includes his basic pay, productivity bonus, long-service bonus and away-from-home bonus.

The welder would find it difficult to squander his earnings in the camp. There are no shops. The lone-too-clean site caretaker is there to refuel rather than encourage relaxation.

In another hut rows of hard wooden chairs are laid out in front of a television set while the room which serves as a library is notable more for its array of new Politburo photographs than its modest collection of books. What do the men and women read? "Russian and foreign classics," according to a library attendant.

Section head Mr Yuri Oshimina—a great bear of a man with wild fur hat and a voracious appetite—seemed unperturbed by his surroundings.

Having worked on pipeline projects in Western Siberia, and in the Caucasus, he recognises that some places are better, some are worse."

But it must also be recognised that the Soviet Union now has a great deal of experience constructing large, 56-inch diameter gas pipelines westwards from Siberia. The export line is but one of six being laid along the "energy corridor" from Urengoy.

"Some 25m roubles (£22.7bn) is being invested during the 1980-85 period on these pipelines which total 20,000 kilometres in length. Another six are likely to be built under the following five-year economic plan with, perhaps, one of these also being directed towards the Western European market."

"This explains why we are moving so quickly on the export line," said Mr Vasilev. "It is not a question of prestige; we have to start another two pipelines."

Mr Vasilev maintains that the pipelining workforces move from one line to the next.

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Definition

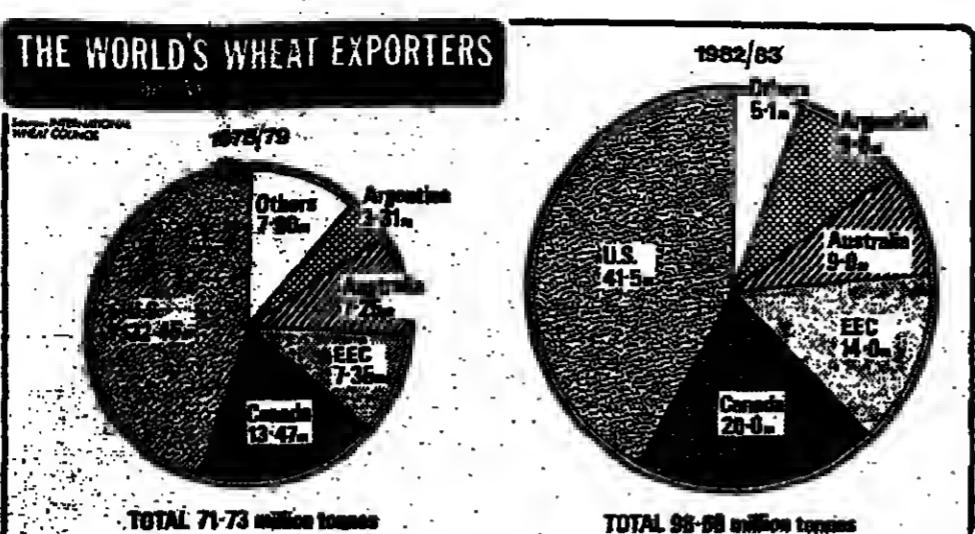
Bigamist — fog over Italy.

Observer

AGRICULTURAL TRADE RELATIONS

Why the U.S. is holding its fire

By Richard Mooney



A RISE in world grain prices late last month may have pulled the U.S. back from the brink of a bitter agricultural trade war with the EEC which could have been extremely damaging for both parties.

But while the price rises have eased the immediate threat to the incomes of American farmers they do not appear to have reduced their fierce opposition to the EEC's policy of paying out heavy subsidies to make high-priced European farm produce competitive on world markets.

Egg on by the powerful farmers' lobby, U.S. politicians are maintaining a stream of free trade rhetoric against the EEC and demanding tougher action by the administration to force the Europeans to adopt a less disruptive approach to farm price support.

These subsidies are seen by American farmers as one of the main causes of a price clamp on the world market which took their earnings last year to the lowest level in real terms since the great depression.

The recession, high interest rates, bumper crop surpluses and the strength of the dollar also contributed to the income squeeze, but the farmers see the EEC subsidies as a contributing factor which can be controlled.

The U.S. Government has responded with strong words but relatively little action. Recognising that as the world's biggest food exporter the U.S. would be the main sufferer in a price war, it has contented itself with a 1m tonnes subsidised sale of wheat flour to Egypt and an expansion in its programme offering cut-rate loans to importers of U.S. food.

Further measures are known to be under consideration, including a subsidised dairy products sale to Egypt and poultry sales in the Middle East. But at the most these are only a modest escalation of the war.

The basic market problem is one of oversupply, though farmers prefer to see it as one of under-consumption. And they have a point. There is no doubt that the world's hungry would be happy to remove the excess from the market if only they had the money to do so.

While world recession has halted the slow growth in Third World consumption of food, farmers in the developed

countries have to a large extent been insulated from the effect of this on prices and have continued to maximise production. Nowhere has this been more so than in the EEC.

Disquiet is not confined to the western side of the Atlantic. It is, after all, European consumers who have to pay the inflated prices and provide the tax revenue to subsidise the exports. EEC consumer groups have been campaigning almost since the formation of the Community for greater restraint in the setting of guarantee prices and for surplus production to be used for the benefit of those who have paid for it.

The implications for world trade have also been causing concern in the Community. In 1980 the House of Lords select committee on the European Communities said: "Disposal of existing surpluses should not be governed by budgetary constraints but take into account the interest of other exporters and the Community's Gatt obligations not to use export subsidies to take an inequitable share of world markets."

The EEC's defence on this question was recently spelled out by Mr Klaus Bistrup, Denmark's representative to the EEC Committee of Agricultural Organisations (COPA). He said that statistical evidence did not show a bigger increase in Community exports of farm products than of U.S. products.

For example, between 1974 and 1981 the Community had expanded its share of the world flour market to 62 per cent from 53 per cent while the U.S. share

had gone up from 18 to 26 per cent, he said.

Another oft-quoted defence is that American farmers are more heavily subsidised. This argument, based on an EEC Commission recalculation that U.S. farm subsidies average \$4,780 per farmer against \$7,330 per farmer in the EEC, is spurious as it ignores the fact that the average U.S. farm is ten times bigger than the average EEC farm.

More to the point are figures quoted recently by Mr John Block, the U.S. Agriculture Secretary, showing that the EEC's agricultural budget is \$30bn-\$45bn a year while the U.S. which is a much bigger producer, spends \$15bn.

Since the Egyptian wheat four sale, the U.S. has held back from actual subsidisation of exports and limited itself to a series of export deals under its new blended credit programme.

This combines commercial export credit guarantees and direct interest-free credit into a single loan package to produce an interest rate below prevailing commercial levels. After spending \$500m on the scheme, Congress authorised a further tranche of \$1.25bn on January 11.

This cautious approach has angered many U.S. farm groups. "We would like to see more markets targeted for action as Egypt for wheat flour," said Mr Robert Delano, president of the U.S. Farm Bureau.

The four sale embarrassed

the Community and seriously angered the French, who were by far the biggest sufferers.

The Community cannot afford to be complacent. Its CAP expenditure, already forecast to run \$400m or 12 per cent over budget in the first four months of this year, could soar if the U.S. pushed prices lower. The EEC Commission estimates that a 10 per cent cut in world prices would cost the Community an extra \$700m in export subsidies.

The recent rise in grain prices came as a relief to the Commission, for it will reduce its subsidy costs. It will also help U.S. farmers, but has done little to reduce American indignation with the EEC since the increase is the direct result of a U.S. policy aimed at cutting crop production—the revolutionary payment-in-kind programme.

Under this, farmers agreed

to take land out of production in return for cash payments and commodities from government stocks almost equal to the yields they could have expected from the land. The rate of acceptances was much higher than had been predicted—\$2.3m hectares, or 36 per cent of all land covered by the programme.

In the week after the acceptance rate was announced the Chicago maize price rose 22 cents to \$13.6 cents a bushel and the wheat price 13 cents to 359 cents.

So far the search for a U.S.-EEC agreement has been left to agriculture and trade ministers and officials, but there is a growing feeling that talks at a higher level will be needed. Mr Michel Fribourg, president of Continental Grain Company, said recently he believed a settlement would only be possible when the heads of government on both sides, with the help of Foreign Ministers, recognised the need for a political solution.

This, he thought, might involve a gradual reduction over at least five years in the gap between their respective agricultural support prices: "It would be politically unrealistic and economically reckless to require of the EEC a lasting solution to this mammoth problem in any shorter period."

EEC leaders will be hoping that this sort of advice will weigh heavily with the U.S. administration than the warlike demands of the farmers' lobby.

strong depressive impact on world economic activity; thus, the contractionary impact of the recent large revaluation of dollar-denominated debts is not being offset by increased spending by holders of dollar assets, in the U.S. or abroad. External imbalances have also increased as a result of speculative capital movements.

Floating exchange rates have, in addition, failed to secure the customary autonomy of domestic policies. Correcting domestic disequilibria has become more onerous than under the earlier sharing of the burden of balance-of-payments adjustment.

Firstly, the world has come close to the end of a full inflationary/deflationary cycle. There is growing recognition that international monetary instability is not simply an expression of domestic conditions, but an autonomous source of uncertainty, and thus of reduced investment, of unemployment, stagnation and slower economic growth. Additionally, it has become clear that the UK and the U.S. appear at the top of the list of the victims of the flexible-exchange-rate system.

While the persistent undervaluation of the U.S. dollar and of the pound has been both a cause and an effect of the high inflation rates in the U.S. and Britain in the 1970s, the subsequent overshooting of these currencies in the foreign exchange markets was a major factor responsible for the depth and length of the current recession.

At present, conventional wisdom is still on the side of flexible exchange rates. The supporters of the system fall into two distinct groups: the true believers, who argue that flexible rates are intrinsically superior, and the sceptics who believe that the world has become too nationalistic, and politicians and bankers too short-sighted, to attempt to rebuild a stable international monetary system.

The record of floating can be summed up briefly. First, exchange rates have proved to be not only occasionally, but intrinsically unstable. Thus,

flexible rates have been the single most important factor responsible for the unprecedented volatility of relative prices—both domestic and international—including the extent of the two oil-price explosions.

This has put a premium on short-term, speculative assets, discouraged long-term investment and has generated erratic behaviour by producers and consumers. The huge, erratic changes in net asset/debt positions also exert a

a more efficient distribution of investment and through the external discipline it has imposed on governments, business and labour.

The record, before and since 1978, shows that exchange rate stability was and remains an indispensable condition for a high degree of international economic integration. Without it is unlikely that the gradual unravelling of the liberal international—indeed—the extent of the two oil-price explosions.

Should governments act on this insight, it would not be the first time in recent history that the economics profession (which today is still largely committed to the doctrine of flexibility) would be left behind by the trend of events.

"raveling peg."

The proposed reform does not require a world government or central bank. It does, however, call for a spirit of co-operation and interdependence. The Bank for International Settlements in Basle appears to be a much more appropriate forum for such co-operation than the present-day IMF.

Floating exchange rates have, in addition, failed to secure the customary autonomy of domestic policies. Correcting domestic disequilibria has become more onerous than under the earlier sharing of the burden of balance-of-payments adjustment.

Thus, the preconditions for a return to fixed exchange rates are not mainly technical, but political: the recognition by the major industrial nations that international monetary stability is not an abstract principle, but is in the enlightened self-interest of every single one of them; the admission that in the long run it is self-defeating to seek stability, in terms of prices and employment, in isolation;

the realisation that external shocks such as a new oil-price crisis, or large-scale defaults by debtors, can be avoided only in a stable monetary system; a consensus that fixed exchange rates are even more important for the large leading economies like the U.S., Germany, Japan or Britain, than for small ones like Switzerland.

Is there hope then? Politics is the art of learning and Western Governments and central banks may be coming closer, at last, to realising that the long-term losses underpinning the present systems in terms of investment, employment and growth, far outweigh the costs of discipline under fixed exchange rates, as well as the benefits of alleged monetary independence.

Should governments act on this insight, it would not be the first time in recent history that the economics profession (which today is still largely committed to the doctrine of flexibility) would be left behind by the trend of events.

The author is head of the programme of the Battelle research centre in Geneva.

International Monetary Reform

The case for fixed exchange rates

By Otto Hieronymi

Letters to the Editor

Parliament and the Revenue

From G. R. Pinto
Sir.—When Mr. Wiggin welcomed my proposals (March 18) for ensuring that the Revenue does not enforce legislation in manner contrary to the intention stated by Ministers in Parliament, he asked for views on whether the courts should have the right to consult Hansard as aid to statutory construction.

This need can arise in two ways: the legislation may be clear, but not have the intended effect; or it may be genuinely ambiguous. In the former case, the courts should have the right to consult Hansard as aid to statutory construction.

This need can arise in two ways: the legislation may be clear, but not have the intended effect; or it may be genuinely ambiguous. In the former case, the courts should have the right to consult Hansard as aid to statutory construction.

I therefore prefer my proposals under which the Revenue would be stopped, until parliament approved otherwise, from taking any action to impose

What to do about sterling

From Mr W. Grey.

Sir.—According to Professor Alan Budd ("What to do about sterling," March 29), the answer to the question of whether price stability is best achieved by pursuing an exchange rate or a money supply target broadly depends on "where the shocks which disturb the economy come from." But this raises more fundamental questions.

How exactly do you fix a money supply target? How can you be sure it is the right one? And is price stability the only thing that matters anyway? Failing an answer to those questions, talk about "sound" money and about monetary policy being "on course" is surely meaningless.

The determination of any such question should be left to the courts since, under my proposals, the result would decide whether the interpretation applied from the effective date of the statute (if the Revenue won) or from the date parliament was asked to correct the statute (if the taxpayer won).

G. R. Pinto.
7 Lennox Gardens Mews, SW1.

Investment in pharmaceuticals

From Mr A. C. Askwith.

Sir.—I was interested and amused by the manner in which you reported the intended intervention by Government in the pharmaceutical industry's return on capital employed (March 28). You referred to a 35 per cent rate of return on capital employed and stated that this compared with an average 4 and 5 per cent for British industry.

The apparent criticism by your correspondent of one of the few successful industries in the UK contrasts with the overstatement from the media. Government and other wayward that British industry needs is greater capital investment and greater investment in R and D and new technology. To which industries are these remarks addressed? Those, by inference, well behaved industries which return only 4 and 5 per cent on capital employed and again by inference are not expected to keep the UK as a major producer of their products since it is that which the article acknowledges is behind the need for the 35 per cent rate of return. There appears to be a puzzling contradiction, surprising in a newspaper otherwise well in step with industrial needs.

Stamp Duty

From Mr R. D. Douglas-Hughes.

Sir.—I was astonished to read your article contained in the Financial Times of March 22 concerning the proposal to amend stamp duties. Mr John Wakeham, Minister of State at the Treasury seemed to be suggesting that stamp duty is only payable on a house purchase which a solicitor is negligent.

Rates versus sales-tax

From Mr Desmond Goch.

Sir.—I read with dismay your report (March 28) that despite the findings of a Cabinet Committee report—the Prime Minister intends to pursue the idea of replacing rates with a local sales-tax.

Stamp Duty

disadvantage

over manpower costs—and not least at county level where the spenders are to some extent insulated from the electoral consequences of their decisions by the district and borough councils who have to incorporate the collection of county revenue in their own rate demands.

Having achieved some success in the current round of rating decisions, the Government ought not to be deflected from its real task by notions of tinkering with the method of raising levies. It matters very little which of our pockets the money is withdrawn from but we are concerned that the total amount extracted is kept to the minimum and then spent wisely.

Having said that, however, there seems to be some merit in the proposal to fund educational salaries and related costs from central government.

Desmond Goch.

4 Padlock Wood, Harpenden, Herts.

Desmond Goch.

4 Padlock Wood, Harpenden,

Tuesday April 5 1983

BANKERS CLAIM SUPPLY OF DOLLARS CUT BEFORE MIDDAY ANNOUNCEMENT

Inquiry on Indonesia devaluation

BY RICHARD COPPER IN JAKARTA

INDONESIA'S central bank, Bank Indonesia, has agreed to set up a special committee to investigate complaints made by several of the country's foreign exchange banks that they made substantial losses because of the manner in which last week's 27.5 per cent devaluation was handled by the country's monetary authorities.

The devaluation was announced by Professor Ali Wardhana, the Economy Minister, last Wednesday at 11.30am in the middle of the trading day and became effective from the moment it was made public.

But according to several of 27 or so banks licensed to deal in foreign exchange, their early morning requests to buy dollars from the central bank were turned down, leaving several of them extremely exposed.

A number of bankers believe that Wednesday's trading in foreign exchange was one of the heaviest ever

in Indonesia as speculation that a devaluation would soon take place reached fever pitch.

The foreign exchange banks are believed to have put in requests to Bank Indonesia for purchases of well over \$150m early on Wednesday morning.

Few bankers believed that an announcement would become effective in the middle of a working day, much less that Bank Indonesia would not honour the rate that it had officially set at 9am that morning.

The result was that many of the less cautious banks continued to sell foreign currency to customers until they found out that an announcement had been made. Several bankers estimate total losses at more than \$10m.

Indonesian Government officials denied that those banks which put in their request before 11.30am were refused dollars at the old rate. They

also deny that intense speculation forced the authorities to announce the devaluation before they were ready.

According to one official "tens of millions of dollars were sold to the banks on Wednesday morning" and "we had planned the devaluation for some time; it was not a last minute decision at all."

A number of bankers, however, are upset, not to say angry. According to one banker: "It was highly unusual to announce a devaluation in the middle of banking hours, but for Bank Indonesia to fail to meet its obligations by honouring the official rate it had set at 9am is unacceptable."

"We were convinced that our demand for dollars would be met and we acted on that basis. The whole affair was very poorly handled."

Recognition that some problems did exist came at the end of last week when bankers met Finance

Minister Radin Prawiro and central bank Governor Arifin M Siregar.

Mr Arifin agreed to set up a special committee to look into complaints and sort out what he referred to as "the transitional problems that are bound to occur."

At the same meeting, Mr Radin Prawiro indicated that in March alone, Bank Indonesia had sold as much as \$1bn of foreign currency, though he did not make it clear whether this had all left the country.

This could well mean that Indonesia's official foreign reserves are now down to less than \$3bn, about two months of non-oil imports.

The last publicly quoted figure was \$1.35bn given on March 10. Twelve months ago, Indonesia's official reserves were \$8.35bn and covered almost five months of non-oil imports.

Morley comes to the Stock Exchange

By Dominic Lawson in London

ONE OF Britain's most glamorous companies will shortly be making its Stock Exchange debut, with the decision of Mr Eric Morley that his Miss World Group should join the Unlisted Securities Market.

On April 14,810,000 shares in the company will be placed by stockbrokers Scherzer at 60p each, valuing the whole company at £1.17m. Mr Morley said yesterday "the whole object of the exercise is to pay off a £480,000 loan. Then Miss World will start life as a quoted company debt-free."

Details of the move revealed in the Financial Times two months ago, were announced by Mr Morley over Easter.

The Miss World competition, founded in 1951 by Mr Morley, was for many years part of Mecca.

After several changes of ownership, Miss World became part of Belhaven, the Scottish brewing and leisure company chaired by Mr Morley. Last December Mr Morley and his wife Julia exercised an option to purchase Miss World from Belhaven.

Miss World Group is essentially a marketing operation, gaining its profits from advertising and endorsements connected chiefly with the winner of the annual competition. Mr Morley said yesterday "our income from television contracts is assured for the next three years, barring a world war."

In 1981 the company made profits of about £50,000, and in 1982 made £150,000. This year the company forecasts that it will reach £300,000 pre-tax.

Following the share issue, Mr and Mrs Morley will hold about 51 per cent of the equity, and Mr Morley insisted yesterday "we are not selling any shares as part of the issue."

Stockbrokers to the share placing are Scherzer. The rest of the financial arrangements will be handled by the Industrial Finance and Investment Corporation (IFICO), which itself arrived on the Unlisted Securities Market last November since when its shares have almost doubled in value. Mr Christopher Norland, chief executive of IFICO, is to join the board of Miss World.

The Miss World stock market debut has been compared with that of Miss Debbie Moore's Pineapple Dance Studios, which made a spectacular entrance on the USM last year. Its shares were placed at 50p, and within months had tripled in value. But yesterday Mr Morley insisted that the companies were not at all comparable.

World Weather

| Region | °C | °F | Region | °C | °F | Region | °C | °F | Region | °C | °F | Region | °C | °F |
|-----------|----|----|--------------|----|----|-----------|----|-----|--------|----|-----|--------|----|----|
| Australia | 12 | 54 | Dubrovnik | 14 | 57 | Hong Kong | 20 | 68 | Sabah | 25 | 77 | Sabah | 11 | 51 |
| Australia | 18 | 64 | Fiji | 14 | 57 | Sabah | 26 | 79 | Sabah | 26 | 79 | Sabah | 11 | 51 |
| Africa | 15 | 59 | France | 15 | 59 | Sabah | 27 | 81 | Sabah | 27 | 81 | Sabah | 12 | 54 |
| Australia | 15 | 59 | Frankfurt | 15 | 59 | Sabah | 28 | 82 | Sabah | 28 | 82 | Sabah | 12 | 54 |
| Australia | 15 | 59 | Greece | 15 | 59 | Sabah | 29 | 84 | Sabah | 29 | 84 | Sabah | 12 | 54 |
| Australia | 21 | 70 | London | 15 | 59 | Sabah | 30 | 86 | Sabah | 30 | 86 | Sabah | 12 | 54 |
| Australia | 35 | 95 | Malta | 15 | 59 | Sabah | 31 | 87 | Sabah | 31 | 87 | Sabah | 12 | 54 |
| Australia | 14 | 57 | Norway | 15 | 59 | Sabah | 32 | 89 | Sabah | 32 | 89 | Sabah | 12 | 54 |
| Australia | 23 | 73 | Peru | 15 | 59 | Sabah | 33 | 91 | Sabah | 33 | 91 | Sabah | 12 | 54 |
| Australia | 9 | 48 | Portugal | 15 | 59 | Sabah | 34 | 92 | Sabah | 34 | 92 | Sabah | 12 | 54 |
| Australia | 12 | 54 | South Africa | 15 | 59 | Sabah | 35 | 93 | Sabah | 35 | 93 | Sabah | 12 | 54 |
| Australia | 7 | 45 | Spain | 15 | 59 | Sabah | 36 | 94 | Sabah | 36 | 94 | Sabah | 12 | 54 |
| Australia | 10 | 50 | Sweden | 15 | 59 | Sabah | 37 | 95 | Sabah | 37 | 95 | Sabah | 12 | 54 |
| Australia | 12 | 54 | Switzerland | 15 | 59 | Sabah | 38 | 96 | Sabah | 38 | 96 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 39 | 97 | Sabah | 39 | 97 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.S.R. | 15 | 59 | Sabah | 40 | 98 | Sabah | 40 | 98 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 41 | 104 | Sabah | 41 | 104 | Sabah | 12 | 54 |
| Australia | 21 | 70 | U.S.A. | 15 | 59 | Sabah | 42 | 107 | Sabah | 42 | 107 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 43 | 109 | Sabah | 43 | 109 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 44 | 110 | Sabah | 44 | 110 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 45 | 111 | Sabah | 45 | 111 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 46 | 112 | Sabah | 46 | 112 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 47 | 113 | Sabah | 47 | 113 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 48 | 114 | Sabah | 48 | 114 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 49 | 115 | Sabah | 49 | 115 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 50 | 116 | Sabah | 50 | 116 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 51 | 117 | Sabah | 51 | 117 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 52 | 118 | Sabah | 52 | 118 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 53 | 119 | Sabah | 53 | 119 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 54 | 120 | Sabah | 54 | 120 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 55 | 121 | Sabah | 55 | 121 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 56 | 122 | Sabah | 56 | 122 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 57 | 123 | Sabah | 57 | 123 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 58 | 124 | Sabah | 58 | 124 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 59 | 125 | Sabah | 59 | 125 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 60 | 126 | Sabah | 60 | 126 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 61 | 127 | Sabah | 61 | 127 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 62 | 128 | Sabah | 62 | 128 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 63 | 129 | Sabah | 63 | 129 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 64 | 130 | Sabah | 64 | 130 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 65 | 131 | Sabah | 65 | 131 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 66 | 132 | Sabah | 66 | 132 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 67 | 133 | Sabah | 67 | 133 | Sabah | 12 | 54 |
| Australia | 12 | 54 | U.S.A. | 15 | 59 | Sabah | 68 | 134 | Sabah | 68 | 134 | S | | |



SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Tuesday April 5 1983

INTERNATIONAL CREDITS

FRENCH FINANCIAL COMMUNITY TAKES HEART

Portugal submits to tough terms Delors cheers the bond market

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

PORTUGAL has caved in to demands from its creditor banks for significantly tougher terms on its forthcoming major Euroloan.

Not only has the amount of the loan been cut as expected to \$300m from \$400m, but Portugal has agreed to pay spreads at the top end of its previous negotiating post.

Originally it was seeking a \$400m loan at a margin of 0.3 per cent over prime of 1% per cent over London interbank offered rate (Libor), but from the outset the margins were deemed too low by the market.

Portugal's problem was that it had to have a deal at almost any price once its plans were announced. To fail conspicuously would have meant jeopardising an already rather vulnerable credit rating and meant at best a very high by U.S. banks.

These are the terms of an informal agreement reached at the end

of last week between Portugal and a few of its major foreign bankers who are putting together a fully underwritten offer.

Only when that is done will Portugal openly admit to the extent to which it has had to revise the terms on offer.

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These are the terms of an informal agreement reached at the end

BY DAVID MARCH IN PARIS

THE FRENCH bond market, the focus of the Government's efforts to dredge new channels for the country's savings flows, has given a resounding thumbs up to the economic and monetary measures promulgated 10 days ago to prop up the franc.

Hardly interrupted by the municipal elections at the start of the month and the abatement of the franc within the European Monetary System (EMS) towards the end of it, capital market yields continued to tumble throughout March.

New issues brought to market during the month amounted to about FF 17bn, taking the total during the first quarter of 1983 to about FF 50bn, a rise of nearly 50 per cent compared with the same period of 1982.

The financial markets – including the Paris bourse, where share prices were again firm last week, and have risen by 15 per cent since the start of the year – have reacted in a classic way to what has been a classic deflation package aimed at reining in excessive domestic demand.

The measures, aimed at cooling down the economy by taking FF 65bn out of circulation this year, will clearly depress activity. This helps to explain the grudging response the moves have received from the Patronat employers' federation, which complains that the package does not help industry.

But the financial community has been heartened by the confirmation of M Jacques Delors, the Finance Minister and a key proponent of economic orthodoxy, as the strongman of the Socialist government.

And, more specifically, the bond market has reacted with undisguised pleasure to the announcement by M Delors that the measures will cut public borrowing (both by central government and state agencies) this year by around FF 40bn.

Together with the abatement of pressures on the franc after the EMS realignment, slackening borrowing should ensure that French interest rates maintain their steady downward path over the next few

months. M Delors hopes, in particular, that less competition from official borrowers should allow more room for private sector enterprises to raise funds on the capital market – although there has been little sign of this so far this year.

Apart from the Government itself, which raised FF 10bn in a bond issue in early February, the bond market has been dominated by the railways, coal board, telephones and financial institutions such as Crédit Foncier.

The banks, which use funds garnered from bond issues to raise their lending limits under France's "encadrement" system of credit ceilings, have also profited from the primary issue boom. Last month alone all the Big Three nationalised banks came to the market, for a total of FF 5.5bn, while the big cooperative banking groups have also been heavy fund-raisers.

So far, however, industrial companies have given the bond market

more than seven years' life are now 13.68 per cent, according to the indices calculated by Paribas. This is 0.60 points down from the end of February, a fall of just over 1 point since the beginning of the year, but still offers a healthy real return when inflation is in the 8 to 10 per cent range.

Yields on private sector issues – where the risk, of course, is judged greater – are about 15 per cent.

Stringent exchange controls which permit investment on foreign securities markets only by buying foreign exchange at a considerable premium have also contributed to domestic bond demand.

With alternative investment havens such as gold or property still looking relatively dull, and with the Government trying to make short-term deposits less attractive through fiscal and other devices, more and more individual savers are turning towards the capital market as a home for their spare funds.

International Capital Markets Review

BOND MARKETS

Salomon seeks out unsatisfied demand

BY MARY ANN SNEGHART IN LONDON

THE CLASSIC way to make money in the bond market – or any other market for that matter – is to discover a pocket of unsatisfied demand and to supply it.

Often, the resulting innovation is not an original idea in itself, but a combination of old ones put together in a new way.

Salomon Brothers has come up with just such an idea. The unsatisfied demand is from the managers of the new U.S. "money market accounts", the interest-bearing current accounts that were set up by savings and loans (S & L) banks last December in an attempt to compete with money market funds. Since then, more than \$20bn has been paid in.

These S & L institutions are generally small and regional. They have had little or no exposure to the Euromarkets, but they need stable, high-yielding floating-rate investments with which to match their liabilities.

Salomon, with its background of

mortgage-backed securities business in the U.S., will have to do the right contacts.

Of the houses involved in the Euromarkets, Salomon and Merrill Lynch, with its huge money market paper, based on the London Interbank offered rate (Libor), but from the outset the margins were deemed too low by the market.

There may well be some activity there in the next two or three weeks. Meanwhile, Eurodollar market participants are observing events with interest. One pointed out last week, "It's a hell of a product. I'll be interested to see how far it'll go."

Elsewhere in the Eurodollar market, investor demand was low, but the only two new issues were from good names and sold quickly at small discounts.

BMW and Gasunie both floated \$50m par-priced bonds with a coupon of 10% per cent; BMW's with an eight-year maturity, and Gasunie's with a life of seven years.

But Dresdner Bank had to support its issue so heavily in order to prevent its price from falling in a heavy discount that it ended up

paying all back again?

The Swiss market was helped last week by a decline in new issue activity. Over the past two weeks, four potential borrowers have postponed their issues, and volume has been much lighter.

One Swiss banker remarked dryly, "The market needs some self-discipline; the Japanese have killed it for themselves."

This announcement appears as a matter of record only.

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INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Higher short-term rates dampen market enthusiasm

U.S. BOND prices marked firm last week, waiting for the end-quarter pressure on short-term rates to subside and hoping for some clearer picture of Federal Reserve policy to emerge.

New issue and retail buying activity in the bond market ahead of the extended holiday weekend was very limited. A high and very volatile Fed funds rate also dampened market enthusiasm.

The funds rate traded up to over 10.5 per cent on Thursday before an unusually large \$3bn Fed customer repurchase helped bring the rate back down to close at 8.75 per cent on Friday.

The higher funds rate pushed up other short-term rates in an already uneasy market. The weekly Treasury bill auctions produced the highest three-

U.S. INTEREST RATES
Week to Week to
Mar 21 Mar 25
Fed funds rate..... 8.63 8.62
3-month T-bills..... 9.05 9.00
30-year Treasury bond..... 10.85 10.75
AA Industrial..... 11.03 11.75
Source: Salomon Bros. (estimates). In the week ended March 22 M1 increased by \$400m to \$497.2bn from a revised \$496.8bn.

month Treasury bill rate since August 9 last year.

Over the week short-term rates gained a further 20 basis points, the fourth successive weekly increase. As a result the three-month rate has moved from about 25 basis points below the Fed discount rate to about 50 points above the discount rate.

Long-term rates over the same period have risen considerably less sharply, leading to a significant flattening in the yield curve.

The money and credit markets searched for explanations for the surge in the Fed funds rate, and mainly came down on the side of technical explanations.

In particular they noted the demand for funds on Thursday, and again yesterday, to settle the \$28bn of Treasury notes which the market bought two weeks ago in the mini-refunding, and commercial bank

Receiver called in at Spanish paper group

By David White in Madrid

TORRAS HOSTENCH, Spain's fourth largest paper company, has gone into temporary receivership, citing as a major reason the growing weight of foreign currency debt on its financial costs.

The suspension of payments, presented to a Barcelona court, came after denial by the company of reports that it had reached agreement on rescheduling its debts.

The group, based in Catalonia, has a workforce of 1,300 and had 1982 sales of about Pta 16bn (\$1.12m).

Other reasons cited by the company for its decision were the slack state of the market, increased energy costs, and problems in exporting.

The suspension decision affects both the parent company and its fully owned subsidiary, Industrial Cartonera. Their joint liabilities amount to some Pta 23bn.

Less than 18 months ago Torras successfully renegotiated its debts with Spanish and foreign creditors. As a result of the agreement, three Spanish banks—Urquiza and Banco Exterior, took up a 15 per cent stake.

Between 1979 and 1981 the group had accumulated undrawn credits from foreign banks estimated at \$45m.

In last week's court filing LBP alleged that it had been

defrauded by Mr Eddie Lo, Mr Kicky Lo and Mr David Lo, who are senior executives of the Mei Kwong group, one of Hong Kong's largest garment makers, and by Mr Anthony Lo, a cousin of the three and a senior executive of Great Eagle Company, a property concern.

The bank also alleged that Mr Tom Tong, LBP's former lawyer in Hong Kong, had caused the bank to lose money because of negligence.

Mr Tong retired last Thurs-

day as a partner in Johnson, Stokes and Masten, a local law firm. The firm and two nominees named in the latest filing.

LBP has obtained a court order freezing the assets of the four Los and Mr Tong.

All the group's activities—property development, plantations and tin mining—suffered sharp falls in earnings owing to the recession.

For the year ended January 1982, tax profit for the group fell 57 per cent to 13.5m ringgit from \$2m, while after tax profit was down 52 per cent to 9.1m ringgit.

Despite the setback, the group is giving a final dividend of 13 cents making an unchanged 25 cents for the year.

This will be through a one-for-five bonus issue capitalising from unappropriated profits, followed by a two-for-five rights issue priced at 3.5 ringgit each.

The results were gratifying for Montedison, which is expected to report heavy overall losses for 1982. Last week, Standa, the Italian steel chain owned by Montedison, announced that it had made a profit for the first time since 1974.

Farmitalia will pay a 12.5m dividend, compared with \$1.8m in 1981. After deduction of the dividend and other provisions remaining payable are estimated at \$29.9m.

Sig Ugo Nutti, the company chairman, has announced a reshuffle of top management.

Sig Marie Enrica Di Brandi, the current managing director, is to step down from that post and become deputy chairman.

He will be succeeded as managing director by a German executive, Herr Hans Biener,

HK fraud action by Lloyds International

BY OUR FINANCIAL STAFF

LLOYDS BANK International, the international unit of Lloyds Bank, has accused four Hong Kong businessmen of defrauding the bank and has charged its former lawyer in Hong Kong with negligence.

The charges, filed in Hong Kong last week, followed a court action brought in October against Mr Victor Folch-Ventur, the former manager of LBI's Hong Kong branch, as well as his wife and two compatriots linked in the couple. That suit also named Hongkong and Shanghai Banking Corporation, from which LBI sought to obtain records of the couple's current account.

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BUILDING AND CIVIL ENGINEERING

UK team pitches for Saudi Arabia 200 project

WILDLIFE expert Tony Slesinger is used to big game, though nothing quite so enormous as the £100 Saudi Arabian zoo project which, with his help, might soon be netted by a team of UK consultants.

A decision on whether or not to proceed with the scheme is expected within two to three months and the British reckon that, given the go-ahead, they are in pole position to pick up the job.

As chief executive of Wildlife Management Consultants, Slesinger is a globe-trotting animal buff who delights in providing wild animals and animal advice to those in need.

It was on a visit to Saudi Arabia in 1981 that he was invited by a local consultancy to make a submission for an ambitious zoological gardens scheme planned for nearly 1,500 acres of sandy, mountainous land on the outskirts of Jeddah. The site flanks the Mecca road and would prove a major attraction for pilgrims.

The plan had been around for several years, taking a temporary back-seat in the Saudis' list of spending priorities. On this occasion, however, there appeared to be a fresh sense of determination to "go ahead," Slesinger hurried back to the UK to talk to contacts in London.

Those contacts turned out to be Christopher Carnell and David Green (pictured at left) of Hawkes Partnership.

According to Christopher Carnell: "The opportunity was too good to miss and we decided

to stand a chance if we assembled a team of specialists who could put together a package."

Together, the two men had established Carnell Green to act as the overseas arm of the Hawkes operation. Both experienced in Middle East work and keen to stand up foreign commissions, they listened to what

that we stood a chance if we assembled a team of specialists who could put together a package."

By the start of 1982, the consultancy team had been put together and flew out to Jeddah to discuss the huge project with Technical Productive Corporation (TEPRCO), a local trading and contracting operation which was acting on behalf of the client, the Ministry of Municipal and Rural Affairs, Municipality

concept, in which the complex would be split into continental regions accommodating animals from appropriate global regions.

"We set out to impress upon the Saudis that zoos are not necessarily smelly places with loads of animals all over the place. A zoo should be a source of entertainment and education and our proposals set out to achieve those objectives," says David Green.

The team's plans involve a phased development and include a visitors' centre, a large education centre and several reference houses featuring various animal families. The residents of an existing zoo on site will be rehoused in a new urban zoo complex. Major considerations in determining the shape of the project have been the provision of water and shade.

Phase one will comprise the visitors' centre and the urban zoo and the UK team says it is geared up to provide a couple of tigers, an elephant, big cats, giraffe, zebra and hundreds of birds to complement the animals already present.

In putting together their proposals, the team has recently visited the United States to examine the Sonora desert museum, possibly the best arid land zoo in the world, San Diego wildlife park and the Bronx zoo.

It was a "crash course" which hardened up the concept they had already formulated.

Along with their own ideas and the pick of the best, devised already incorporated into other leading zoos, the team submitted its master plan last autumn since when substantial changes

have been made following detailed talks between the two sides.

From the outset, there has been a flexibility on the part of all the participants which has enabled us to come up with something acceptable to everyone. In a very free-thinking exercise, we have each put up proposals and counter proposals and eventually arrived at the right formula," Carnell adds.

After the hectic activity of the last 15 months, comes the waiting and the nail-biting. The participants are only too well aware that the scheme has been proposed for some time and equally aware that Saudi Arabian spending programmes

are undergoing review in the wake of the fall in oil consumption and prices.

A zoo, they readily appreciate, is not likely to be a priority when the economic climate turns sour, but the team takes comfort from the apparent determination of the Saudis to move forward. "We are very well placed because, as far as we know, no-one else managed to mobilise in such a short time. In any case, we have got the most exciting concept and the best scheme."

"If the plan fails through,

then it is fair to say we will have lost money on getting it this far. If it works, it will have been worth every grey hair."

Hugh Routledge

MICHAEL CASSELL

CONTRACTS

Trollope & Colls win £20m office block

TROLLOPE & COLLS, part of the Trollope Group, has been awarded a £20m contract to build an office block in Woking by Westbourne Terrace Investment Co. Situated in Duke Street, work has begun on the development which will consist of an "E" shaped building, part seven and part eight storeys high, with basement parking for over 400 cars.

More than 19,250 sq metres of air conditioned office space will be provided as well as areas for amenity uses. The building will have a reinforced concrete raft with an E frame and clad in precast brick faced panels. Thirteen lifts and eight staircases will serve the office floors. The building is due to be completed in April 1985.

Contracts totalling nearly £8m have been won by the Midlands regional office of CLARKE CONSTRUCTION. They include warehousing units at Oldbury (£1.1m) and a distribution depot at Stobee (£1.1m) for Echo Estates; 64 dwellings, Burton on Trent, for East Staffordshire District Council (£1.1m); distribution depot, Wellington, through for TNT (£790,000); 45 flats, Balsall Heath, Birmingham, for the Hardin Housing Association (£717,000) and a new primary school and nursery for Derbyshire County Council, Swadlincote Newhall (£201,000).

WILTSHIRE INTERIORS has secured a number of interior contracts worth £1m over the past three months. Work includes a casino and restaurant

in the Imperial Hotel, Russell Square for Stakis, the complete refurbishment of the entrance and reception at the Hyatt Carlton Tower, a private flat refurbishment in Bentle Close, building and refitting for Tesco at Ashford and refurbishment work at Terminal 3, Heathrow for the British Airports Authority. All are due for completion by the end of 1983.

A £6m design and build contract for engineering workshops and offices at Sellafield, Cumbria, for British Nuclear Fuels has been awarded to FARCLough LTD, Dudding North western division of Swindon, near Manchester. Under an 82-week contract, Fairclough will design and construct 5,000 sq metres of single storey workshops, a two-storey office building with floor space of 8,000 sq metres, external compound area, small ancillary buildings, a car park and access roads. The building structures will have a portal steel frame clad in profiled aluminium sheeting. The contract incorporates furnishings and general fitting out.

SINDALL CONSTRUCTION has been awarded contracts totalling £1.5m including a day centre at Neath Hill, Milton Keynes for the Buckinghamshire County Council worth £619,563 and flats and houses at Harrow Road for the London Borough of Waltham Forest worth £687,354. Sindall also has a £545,158 contract for 21 almshouses and warden's bosome at Chesterfield Road, Buxton for the Trustees of Eleanor Palmer Charity.

He also points out that completion early in the winter avoids a "dead" period after the Christmas holiday.

"Quicker is cheaper," says Mr Blundell, noting that contractors' staff, plant, scaffolding and so on can add up to between eight and 15 per cent of the contract's value. Willett, nevertheless, is hoping that it will come out with a profit.

Savings here have allowed Peacheay to spend more within a total development cost of some £2m, on quality finishes. Principal elevations are of Sardinian grey polished granite, with bronzed anodized aluminium windows.

Inside there will be extensive use of marble and polished wood in the common areas. The area has recently attracted prestige tenants like insurance brokers Sedgwick, Bain Dawes and Hogg Robinson. Peacheay wants that sort of tenant, rent close to £18 a foot and a total rent roll of £650,000 which it reckons would value the building at over £11m completed and fully let.

"It would make an ideal headquarters building for companies which are shrinking and moving," says John Brown, Peacheay's managing director.

We have also had eight serious enquiries from people thinking of buying it for owner occupation. It's a freehold, and there are not too many of those in the City,"

WILLIAM COCHRANE

Restoration at Kingston Lacy House

ERNEST IRELAND CONSTRUCTION, a part of the John Mowlem Group, has been awarded a £1.05m contract by the National Trust for restoration work to Kingston Lacy House, near Wimborne, Dorset.

Kingston Lacy House is part of the estate of some 16,000 acres which was bequeathed to the National Trust in 1961 and is its largest bequest.

Work is to be undertaken by Ernest Ireland's Bournemouth regional operations office, involves extensive repairs to the fabric of the building, roof, facades, windows and minor alterations to facilitate access to members of the National Trust and the general public when the house opens in 1985.

A fully protective scaffold and temporary roof will envelope the building while roof and stonework repairs

are carried out. The interior repairs and alterations to the mechanical services and electrical installations will then be undertaken in conjunction

with all related fittings and finishes. Work has already commenced and completion is scheduled for the summer of 1984.

Lovell's £3.5m in Croydon

London architects, Diamond Lock, Grahame & Partners, has awarded a £3.5m contract to Y.L. LOVELL (SOUTHERN) to undertake the construction of an eight storey office building at 5 Bedford Park, Croydon. The building will provide 46,000 sq ft of air conditioned offices. Work on site started in November and completion is due in April 1984.

BALFOUR BEATTY CONSTRUCTION, part of the BICC Group, has been awarded a £1.8m contract by the British Gas Corporation for the civil engineering and building works associated with a gas compressor station at Warrington, Cheshire. Work comprises the construction of a control building, two compressor cabs, four minor buildings and miscellaneous plant foundations, water reservoir for fire fighting, drainage, ductwork, landscaping and fencing. All M & E installations, including a considerable amount of ductwork connecting the buildings, are included in the contract. Structural steelwork will be supplied by Painter

Bros, a Balfour Beatty company. Work started on March 7 with a 34 week construction period.

The Midlands branch of WILLIAM STEWARD & CO has secured a contract worth over £1m from Kyle Stewart Management for the electrical installation at the new R.S. Components office and warehouse at Corby. Work is scheduled for completion in 12 months. The project consists of an office block and warehouse of some 30,554 sq metres and includes a highly

sophisticated computer energy saving lighting system.

TRACTS has been awarded a contract for the first phase of the conversion of Stouts Hill, Uley, Gloucestershire, into "time share" suites. The contract, which is in excess of £300,000, includes the restoration of the exterior of the main building, the refurbishment of the interior and the construction of nine self-contained luxury suites with a heated pool and dining facilities.

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

WORLD GOLD

in 1983 & 1984

The fifth FT Gold conference to be held in Lugano, Switzerland on 22 and 23 June 1983 will stress the market production and investment outlook. The silver market and gold-silver price relationships together with monetary questions will also be analysed.

Robert Guy of Rothschilds will chair the first day and give the Opening Address. The speaker platform will be as authoritative as at previous meetings in this well-regarded series.

For further details please contact:

FINANCIAL TIMES CONFERENCE ORGANISATION

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Continued on Page 21

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 22

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Some figures are unofficial. Yearly highs and lows reflect the last 52 weeks plus the current week, but not the latest day. Where a split or stock dividend amounting to 25% or more has been paid, the year's high-low range and yield are shown for the new stock only. Unless otherwise noted, dividends are annual disbursements based on

dividend also extra(s). b-annual rate of dividend plus dividend, c-equidizing dividend, ckd-called, d-new yearly dividend declared or paid in preceding 12 months, g-d in Canadian funds, subject to 15% non-residence tax, l-declared after split-up or stock dividend, l-dividend is year, omitted, deferred, or no action taken at latest meeting, k-dividend declared or paid this year, an accumulation issue with dividends in arrears, n-new issue in the last weeks. The high-low range begins with the start of trading-next day delivery, P/E-price-earnings ratio, r-dividend paid or paid in preceding 12 months, plus stock dividend, t-split. Dividends begins with date of split, st-states, t-paid in stock in preceding 12 months, estimated cash in ex-dividend or ex-distribution date, u-new yearly high, h-halted, vi-in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by companies, wd-when distributed, wi-when issued, wh-warrants, x-ex-dividend or ex-rights, xdis-ex-distribution without warrants, y-ex-dividend and sales in full, ytd-year-to-date in full.

INTERNATIONAL ECONOMIC RELATIONS

How the Third World is changing its strategy

By David Tonge, Diplomatic Correspondent

THREE-QUARTERS of the countries of the world are currently meeting in Buenos Aires to put the finishing touches to a new strategy for economic negotiations with the industrialised

world. The meeting is of the "Group of 77"—the informal body in which the poorer countries coordinate their economic activities in the UN. Those attending have been charged with putting into action a major shift in policy just agreed by the leaders of most of the Third World.

The movement meets at a more senior level than the Group of 77 and largely sets the course the latter follows. If northern countries play down the movement's influence, it is—they frankly admit—because they know that treating it seriously would increase the credibility of the movement's demands for economic change. It has long been understood behind the Third World's demands for a "new international economic order" and it backed a call in 1979 by Algeria for "global negotiations" to start. But these discussions—which would have taken place within the UN and challenged the West's control over bodies such as the IMF and World Bank—have been blocked by Britain, the US and West Germany.

The movement's change in tone at last month's New Delhi conference came as Mrs Indira Gandhi, the Indian Prime Minister, took over its leadership from Cuba's Sr Fidel Castro. Just as suggestions that the Soviet Union is the "natural ally" of the non-aligned have been buried—to Mrs Gandhi's declared approval—so the changes on the economic front broadly bring the approach of the non-aligned close to that of India.

The developing countries still attack the "present iniquitous economic system" and describe global negotiations as "the most important and comprehensive endeavour of the international community," as their 50,000-word New Delhi communiqué says.

This is in line with the Indian view that the present economic crisis is structural and not a natural part of the business cycle. To Mr Romesh Bhandari, India's chief economic negotiator at the conference, the instruments developed after the Second World War are no longer applicable or effective in the changed technical, ideological and social conditions of today. "The situation has gone haywire. For that reason we talk of the need for structural change," he said in an interview after the conference.

But the key to his thinking—and now to that of the Third World as a whole—is that years of pressing for structural change and global negotiations have led nowhere. This is why,



Cuba's Fidel Castro has just handed over the leadership of the Non-Aligned Movement to India's Mrs Indira Gandhi

he says, in areas such as debt repayment the calls for a new international economic order ever since it hosted the fourth non-aligned summit in 1973.

Mrs Gandhi's officials thus made a point of persuading Algeria to accept a change even before the conference began. Yet nights of debate between Algeria, representing the radicals, and India supported by the pragmatists were required before a formula could

emphasise on a step-by-step approach "directed to averting world collapse" and concentrating on the financial field.

The communiqué of the New Delhi summit makes clear how disillusioned the developing world is at the results of nine years of North-South dialogue.

"Hardly any progress... insignificant results... utterly inadequate minimum package... tardy and inadequate" are the comments peppered in the section on such negotiations.

Far from obtaining a larger slice of the world's cake developing countries have had to deal with a recession which has caused average income in at least 26 of the world's poorest 38 countries to fall in the past two years.

In 1981 and 1982 developing countries suffered a net foreign exchange loss of around \$200bn (£132bn), according to the non-aligned's communiqué. Export earnings have fallen by \$150bn and debt service payments risen by \$7bn. Now a new bank lending to oil developing countries is slumping.

Increasing by \$40.4bn in 1981 and a further \$15.3bn in the first half of 1982, it fell by \$0.8bn in the third quarter of last year and is believed to have tumbled since.

"This massive decline in foreign exchange availability translates itself into a corre-

sponding decline in import capacity... thereby reducing the exports of developed countries and threatening a major and cumulative contraction in world economic activity," warns the New Delhi communiqué.

Mrs Gandhi, who will chair the Non-Aligned Movement for the next three years, argues that this interdependence between North and South underlines the need for action by the West:

"Given the present state of some of the developed economies in the western world it would be to their advantage to turn to the South and seek its co-operation," she said after the conference.

In recent speeches Mr George Shultz, the US Secretary of State, has also stressed the interdependence of the developed and developing worlds. He has cited estimates that a \$25bn drop in capital flows to developing countries cuts OECD growth by at least 0.5 per cent.

Mr Shultz has four objectives: "first, ensuring sufficient liquidity in the international financial system; second, preserving open markets; third, improving the international monetary system; and fourth, ensuring political stability in the developing world."

All this would not sound amiss on the lips of many Third World leaders, but differences

emerge when it comes to specifics. While Mr Shultz believes that the key to recovery in the South is renewed growth without inflation in the North, the developing countries argue that the current "downward spiral" can only be reversed by a major expansion of world liquidity.

It is this which makes them call for a major allocation of the IMF's special drawing rights, attack the recent 47.5 per cent increase in IMF quotas as disappointing, and call for these quotas to be doubled.

It is also this which makes them reject Mr Shultz's argument that the key to recovery from the debt problem lies with increased exports from developing countries. However true that may be in the medium-term, they believe that major debt rescheduling exercise is needed to give countries relief until the world economy returns to conditions similar to those prevailing when the debts were incurred.

The battle lines are clear. The non-aligned summit means that the South's shrill voice of protest has given way to a more reasoned message. But as the West prepares for its summit meeting at Williamsburg next month the developing world is expecting it to pay due attention to the anxiety which has caused the change.



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UK COMPANY NEWS

Desoutter Bros. falls to £1.7m

SECOND HALF pre-tax profits of precision mechanical engineering concern Desoutter Brothers (Holdings) fell from £928,000 to £674,000 and left the full year's figure to December 31 last, below £1.6m, compared with a previous £1.9m.

At the interim stage, with profits just down at £1.02m (£1.08m), the directors said they expected the year's outcome to be similar to that of 1981.

They now explain that a lack of a sustained recovery from the recession in the second half of the year brought about a decline in trading profits—these amounted to £2.1m for the 12 months against £2.5m for the 12 months to December 31, 1981.

The decline, the directors say, was particularly apparent in the company's European subsidiaries where they suffered trading losses in most countries. The reduced operating costs and improved efficiency enabled them to limit the reduction in profit margins, they add.

The dividends for the year is now 7.5p, not per 25p share with a same AGAIN final distribution of 3p.

Turnover for the 12 months moved ahead slightly from £24.66m to £25.53m and the pre-

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends, options, reorganisations and available as to whether the dividends and earnings or funds and the subdivisions shown below are based mainly on last year's results.

Interim: Ingall Industries, New Court Trust.

Finals: A.P.W., British Pinted and Compressed Air, Jacobs Engineering, Johnson Group Chemical Shares Ward.

FUTURE DATES

Interim: Bryson Holdings Apr. 11
British Securities Apr. 15
Huntleigh Apr. 13
OH & Gas Production Apr. 13
Parry (Harold) Apr. 20
Pines (George) Apr. 2

Finals: British Vending Industries Apr. 7
Edwards Securities Apr. 11
Huntleigh Apr. 13
OH & Gas Production Apr. 13
Parry (Harold) Apr. 20
Pines (George) Apr. 2

tax figure was after interest charges down from £505,000 to £450,000.

After tax of £587,000, compared with £598,000 net, profits emerged £305,000 lower at £1.1m, giving earnings per share of 11.03p, against a previous 27.04p.

Overseas problems put Conder in the red

A LOSS of over £2.5m on building contracts in Iraq and Nigeria contributed to Conder International plunging into the black in 1982. There was a pre-tax loss of £538,000 compared with profits of £1.02m, with the second half showing losses of £1.07m against profits of £491,000.

No final dividend is being paid, against 25p not for a total of 1.5p (4p).

Turnover of this Winchester-based erector of steel-framed buildings fell from £102.2m to £91.8m. The pre-tax loss included associated profits of £102,000 (£171,000). Tax was considerably lower at £104,000 compared with £202,000 (£122m).

There was an extraordinary debit of £166,000 (£165m), being mainly redundancy and associated payments which totalled £304,000 (£122m).

The loss per 25p ordinary share per-ordinary items was 8p against earnings of 9.9p.

The losses on building contracts included losses incurred during the year which affected the company had to make in the second half for further losses in completing the contracts.

These were due to circumstances beyond the company's control, and they cite the Gulf War as one of the reasons.

The directors say the company is adapting to the changed business climate of the 1980s, and diversifying into several important growth areas. New products, and activities, have been developed and these now account for 40 per cent of turnover. They say several of these are already profitable, and others have great profit potential.

Although the company had a series of setbacks overseas, the balance sheet remains sound.

The chairman has every confidence in the future of the group.

Lambert Howarth

Benefits from a rationalisation programme at Lambert Howarth Group became evident in 1982 according to the directors on reporting an increase in pre-tax profits from £627,110 to £1m.

Current sales and deliveries are "modestly above" last year, and a higher dividend and a one-for-five scrip are proposed.

Sales of this footwear manufacturer increased ahead from £16.1m to £17.45m.

The net final dividend has been lifted from 3.6p to 4.25p which helps raise the total from 4.75p to 5.75p. Earnings per 20p share are given as increasing from 14.5p to 18.5p.

Bambers £3.5m loss: payout cut

AS EXPECTED, Bambers Stores, the clothing manufacturer and retailer, moved back into the black in the second six months, but at the pre-tax level the group still finished well in the red for the 51 weeks ended January 29, 1983.

The second half contributions amounted to £426,000 (£1.1m). The pre-tax loss included associated profits of £102,000 (£171,000). Tax was considerably lower at £104,000 compared with £202,000 (£122m).

The first few weeks of the current year show "encouraging signs" and although the directors believe the company is well placed to take advantage of any upturn in the economy they are reducing the dividend for 1982-83 by 1.45p to 0.25p per 10p share by a reduced final—in-interim.

The turnover for the year under review declined from £28.45m to £27.07m. The deficit included a profit of £1.04m from property disposals, compared with £1.3m previously.

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R.J. Wilkes deficit reduced to £87,000

written off, £251,000 head office relocation expenses, £198,000 trade dispute damages and £131,000 loans to suppliers written off.

The directors say that following a reassessment of the potential profitability of some of the group's large retail stores, they decided to write off the deferred expenditure, representing the cost of developing and opening the stores.

During the financial period review undertaken an extensive review of all the company's ongoing operations and substantial overhead savings were made.

Implementation of its stated programme of rationalisation commenced and the head office and distribution complex was moved to Centric House, London.

Subsequent to the group's financial year-end, Aldersgate House, New Barnet, has been sold for £2m, which will result in a substantial saving in interest and minorities accounted for.

The forecast of a better second six months was made by Mr L. Vernon, the chairman, in his interim report. He said that although this would not lead to a profit for the whole year, he was pleased and those that were planned would place the company on a positive track to resume its normal trading pattern.

He was confident that Bambers' recent problems were behind it and that the medium-term prospects continued to be good.

RESULTS AND ACCOUNTS IN BRIEF

BAUNFORD EVENS (estate agency)—Results for 1982 reported on March 2, 1983. Shareholders' funds £47.1m (£64.1m); fixed assets £1.44m (£1.27m); net current assets £1.02m (£1.02m); net working capital £3.3m (decrease £0.2m). Meeting: Orury Lane Hotel, Orury Lane, W.C. on April 23 at noon.

T. F. & J. H. BRAHME (deep drawn press work)—Results for 1982 reported on April 22, 1983. Shareholders' funds £174,577 (£224,596); net current assets £174,577 (£224,596); net current assets £1.43m (£1.88m); increase in net liquid funds £74,000 (£55,000).

MARLEY (building trade products)—Results for 1982, already known. Ordinary shareholders' funds £145.8m (£145.8m); net current assets £10.2m (£10.2m); net working capital £0.5m (£0.5m). Net current assets £10.2m (£0.5m). Fixed assets £176.84m (£170.57). Meeting: Swanwick, April 27 noon.

CHARTERHALL (oil, natural gas and mineral exploration and mining)—Results for 1982 reported on April 27, 1983. Shareholders' funds £247.00m (£39.00m); revenue £1.1m (£0.76m); net current assets £1.02m (£0.99m); net working capital £0.5m (£0.5m); increase in working capital £0.5m (£0.5m). An amount of £28,000 was charged to the profit and loss account, and a final dividend of 1.4p per share was declared. The profit for the year ended December 31, 1982, was £14,000 (£14,000).

WESTINGHOUSE (manufacturing premises)—No dividend issued for 1982. Turnover £2.51m (£3.77m). Group loss £190,751 (profit £67,128). Before tax loss £190,751 (profit £67,128). Net profit £10,000 (£10,000). Retained profit £10,000 (£10,000). Tax loss £24,450 (profit £14,000). Profit £46,667 (£14,000).

CHARTERHALL (oil, natural gas and mineral exploration and mining)—Results for 12 months to December 31, 1982, compared with 12 months previous period. No dividend issued. Ordinary shareholders' funds £150.00m (£150.00m); net current assets £1.02m (£0.99m); net working capital £0.5m (£0.5m); increase in working capital £0.5m (£0.5m). An amount of £28,000 was charged to the profit and loss account, and a final dividend of 1.4p per share was declared. The profit for the year ended December 31, 1982, was £14,000 (£14,000).

ELVIS (WIMBLEDON) (recording studios)—No dividend issued for 1982. Turnover £2.51m (£3.77m). Group loss £190,751 (profit £67,128). Before tax loss £190,751 (profit £67,128). Net profit £10,000 (£10,000). Retained profit £10,000 (£10,000). Tax loss £24,450 (profit £14,000). Profit £46,667 (£14,000).

CASTLEFIELD (motor vehicle distributor)—Results for the year to the end of November 1982 reported on April 23, 1983. Shareholders' funds £247.00m (£39.00m); revenue £1.1m (£0.76m); net current assets £1.02m (£0.99m); net working capital £0.5m (£0.5m). An amount of £28,000 was charged to the profit and loss account, and a final dividend of 1.4p per share was declared. The profit for the year ended November 30, 1982, was £14,000 (£14,000).

JAYPLANT (plant hire contractor (quasi on USM)—Pre-tax profit for the year ended December 31, 1982, £16,000 (£16,000); net current assets £28,000 (£20,000); tax £10,000 (£10,000). Earnings per 20p share 10.45p (nil).

MAZLEY (building trade products)—Results for 1982, already known. Ordinary shareholders' funds £145.8m (£145.8m); net current assets £10.2m (£10.2m); net working capital £0.5m (£0.5m). Net profit £10,000 (£10,000). Retained profit £10,000 (£10,000). Tax loss £24,450 (profit £14,000). Profit £46,667 (£14,000).

GRANFIELD (caravans, mobile homes, property development)—Pre-tax profit for the year ended December 31, 1982, £16,000 (£16,000); net current assets £28,000 (£20,000); tax £10,000 (£10,000). Earnings per 20p share 10.45p (nil).

GRANFIELD INVESTMENTS (manufacturers of caravans, mobile homes, clothing, property development)—Pre-tax profit for the year ended December 31, 1982, £16,000 (£16,000); net current assets £28,000 (£20,000); tax £10,000 (£10,000). Earnings per 20p share 10.45p (nil).

BATH AND PORTLAND GROUP—Mr David G. Dorey, chairman, and the executive committee of the group would like to perform exceptionally well in other areas to overcome overseas engineering problems. Management believes that the group will probably do no more than break even in the second half, leaving profits at the year-end at approximately £1.5m. The group received two of some 20 contracts the room for manoeuvre is rather limited and it would be wrong for me to promise a significant increase in turnover.

Directors say improvement in trading reflected in these figures has not been matched by the group's performance in other areas. The group will probably do no more than break even in the second half, leaving profits at the year-end at approximately £1.5m. The group received two of some 20 contracts the room for manoeuvre is rather limited and it would be wrong for me to promise a significant increase in turnover.

Directors say improvement in trading reflected in these figures has not been matched by the group's performance in other areas. The group will probably do no more than break even in the second half, leaving profits at the year-end at approximately £1.5m. The group received two of some 20 contracts the room for manoeuvre is rather limited and it would be wrong for me to promise a significant increase in turnover.

Directors say improvement in trading reflected in these figures has not been matched by the group's performance in other areas. The group will probably do no more than break even in the second half, leaving profits at the year-end at approximately £1.5m. The group received two of some 20 contracts the room for manoeuvre is rather limited and it would be wrong for me to promise a significant increase in turnover.

Directors say improvement in trading reflected in these figures has not been matched by the group's performance in other areas. The group will probably do no more than break even in the second half, leaving profits at the year-end at approximately £1.5m. The group received two of some 20 contracts the room for manoeuvre is rather limited and it would be wrong for me to promise a significant increase in turnover.

Directors say improvement in trading reflected in these figures has not been matched by the group's performance in other areas. The group will probably do no more than break even in the second half, leaving profits at the year-end at approximately £1.5m. The group received two of some 20 contracts the room for manoeuvre is rather limited and it would be wrong for me to promise a significant increase in turnover.

Directors say improvement in trading reflected in these figures has not been matched by the group's performance in other areas. The group will probably do no more than break even in the second half, leaving profits at the year-end at approximately £1.5m. The group received two of some 20 contracts the room for manoeuvre is rather limited and it would be wrong for me to promise a significant increase in turnover.

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BIDS AND DEALS

Trust Secs. explains merger benefits

Trust Securities will be sent, listing full details of its Stockley Park development to share-holders of Percy Bilton before April 20, the first closing date of its reverse takeover bid for the property investment, construction and housebuilding company.

The Stockley Park scheme is the principal element of the Trust's development portfolio. The Universities Superannuation Scheme has already advanced about £7m, including interest received, in respect of this development and has entered into an option agreement to finance a substantial proportion of the development.

Mr Peter Jones, chairman of Trust, tells Bilton shareholders in the formal offer document that, "to date, we have not undertaken any marketing of this

scheme, but we have already received serious tenant enquiries for well in excess of its capacity (of the 150,000 sq ft of high technology accommodation). Full details will be despatched to the target company by Mr Percy Bilton, we approached the board and requested meetings with the directors. After some delay, they finally refused to meet us or to consider with us the benefits of the combined group."

Trust proposes to offer nine shares plus 260p nominal of convertible stock for every four Bilton shares. A partial cash alternative is offered comprising four Bilton shares in exchange for seven Stockley shares plus 260p nominal of convertible stock and 200p index-linked cash.

Mr Jones states, Bilton shareholders, "we believe that the only way management of the company can best be associated with Bilton would be to minimise and control the growth of the market conditions did not improve sufficiently for Trust to maintain its interest in that property."

The defence, marshalled by S.G. Warburg, is still understood to be in the process of appointing a firm of estate agents to conduct a revaluation of that portfolio, and it is likely that the formal defence, which will not be prepared until after

further Stockley Park details have been despatched by Trust, will comprise an "armchair" or directors' valuation. Outside observers estimate that Bilton's assets range between £300p and 400p per share, against the initial value of Trust's terms at 260p per share.

Trust has published unaudited financial results for the year ended December 31, 1982, showing a profit of £1.2m.

The attitude of Mr Bilton's five far-flung heirs is not known although it is understood that they are so far prepared, for one particular provision, 1982 would have been a record year, it claims. It has provided £257,000 against a Plymouth development where "market conditions did not improve sufficiently for Trust to maintain its interest in that property."

Trust has already declared an interim dividend of 0.73p per share and will maintain the total distribution with a second interim in lieu of the final of 1.26p per share.

McLeod Russell reduces Indian interests

McLeod Russell has sold the capital of Parimbacon to a private concern to Derrysey, a private company to reduce further the present holdings of £5.5m from the original £10m of Scottish banks, which helped finance the acquisition of Warren Plantations Holdings in December 1982.

Principal asset of Parimbacon is its wholly-owned subsidiary Warren Tea Holdings, which in turn owns 73.45 per cent of the capital of Warren Tea Limited and 40 per cent of Warren Industrial, both incorporated and operating in India. Warren Tea Limited owns 12 tea estates in Assam, while Warren Industrial carries on the business of Australia of 90 per cent

COMPAGNIE BANCAIRE

Société Anonyme
Incorporated in France with limited liability.

Regd. Office: 5 avenue Kléber, Paris 16ème.

NOTICE OF ANNUAL GENERAL MEETING

The shareholders of Compagnie Bancaire are invited to attend the Annual General Meeting to be held on Tuesday, April 26th, 1983 at 3.00 p.m. at the Head Office, 5 avenue Kléber, Paris 16ème, to consider the following Agenda:

- The Report of the Board of Management.
- The Report of the Supervisory Board.
- The general report of the Auditors.
- The special report of the Auditors in accordance with Article 143 of the Law of 24th July, 1966.
- The examination and approval of the Balance Sheet and Accounts for the financial period 1982.
- The appropriation of profits and the fixing of the dividend.
- The confirmation of the co-option of four members of the Supervisory Board.
- The confirmation of the nomination of two censors.
- The renewal of the mandates of four members of the Supervisory Board.
- The determination of the fees paid to members of the Supervisory Board.
- The determination of the fees paid to the Censors.
- The authorisation to the Board of Management to issue bonds to a total of Ffr 3 billion.
- Any other business.

In order to attend or be represented at the Meeting, owners of registered shares must have been entered on the register five clear days prior to the Meeting. Holders of bearer shares must deposit, at least five clear days prior to the Meeting at the Head Office, either their share certificate or a certificate of deposit, issued by the bank, financial institution or stockbroker with whom their shares are lodged.

Shareholders who wish to attend the Meeting are requested to make advance application to the Company for an admission card.

Granville & Co. Limited

(formerly M. J. H. Nightingale & Co. Limited)

27/28 Lovat Lane London EC1R 8EB Telephone 01-621 1212

Over-the-Counter Market

| | | P/E | Change | Gross Yield | Price on last day | Actual Yield |
|---------------------|-------------------------|---------|--------|-------------|-------------------|--------------|
| 2000's | Capitalisation | Company | | | | |
| 4,465 | Ass. Brit. Ind. Ord. | 134 | - 3 | 5.4 | 4.3 | 10.2 |
| — | Ass. Brit. Ind. CULS | 150 | - 3 | 10.0 | 9.7 | — |
| 3,647 | Airspring Group | 63 | — | 5.1 | 5.0 | 18.0 |
| 3,541 | Almond Industries | 120 | + 1 | 10.4 | 10.4 | 2.6 |
| 10,083 | Bardon Hill | 312 | + 2 | 11.4 | 3.7 | 13.1 |
| 1,713 | CCL 11pc Conv. Pref. | 137 | + 4 | 15.7 | 11.5 | — |
| 3,224 | Clinical Group | 210 | — | 12.8 | — | — |
| 4,024 | Commodore Group | 52 | — | 11.5 | 3.4 | 0.3 |
| 6,020 | Frank Hormel | 92 | + 3 | 11.5 | 3.4 | 0.3 |
| Frank Hormel Pl Ord | 80 | + 3 | 8.7 | 0.5 | 10.1 | 10.2 |
| Frederick Parker | 80 | — | 7.1 | 11.5 | — | — |
| 627 | George Wiles | 34 | — | 8.3 | 12.3 | — |
| 3,168 | Ind. Precision Castings | 78 | + 1 | 7.3 | 0.4 | 10.0 |
| 3,744 | Iris Conv. Pref. | 158 | — | 15.7 | 10.1 | — |
| 3,210 | Jackson | 202 | + 2 | 12.2 | 4.4 | 8.1 |
| 27,880 | Jones & Burrough | 202 | + 4 | 9.0 | 4.8 | 14.4 |
| 1,510 | Robert Jenkins | 148 | - 2 | 20.0 | 13.6 | 1.5 |
| 3,600 | Scrutons "A" | 70 | — | 1 | 5.1 | 8.1 |
| 2,747 | Shaw, Drish & O'Farrell | 112 | — | 11.4 | 10.2 | 5.0 |
| 4,004 | Unilever Holdings | 25 | — | 0.6 | 1.8 | — |
| 6,159 | Water Alexander | 64 | - 2 | 6.4 | 10.0 | 4.0 |
| 6,158 | W. S. Yeates | 263 | - 4 | 17.1 | 0.5 | 4.1 |

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years.

Interest paid gross, half yearly. Rates for deposits received not later than 8/4/83.

TERMS (years) 3 4 5 6 7 8 9 10

INTEREST % 10 10 10 11 11 11 11 11

Deposits to and further information from The Treasury Finance for Industry plc, 91 Waterloo Rd, London SE1 8XP (01-928 7222, Ext. 367).

Cheques payable to "Bank of England, ac FFI" FFI is the holding company for ICFC.

FFI

U.S.\$120,000,000 Guaranteed Floating Rate Notes due 1994

Citicorp Overseas Finance Corporation N.V.

(Incorporated with limited liability in the Netherlands Antilles)

Unconditionally guaranteed by

CITICORP

Notice is hereby given that the rate of interest for the second one-month sub-period has been fixed at 9.11% per annum and that the interest payable for the second one-month sub-period in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$79.05. This amount will accrue towards the interest payment due May 31, 1983.

April 5, 1983, London
By: Citibank N.A. (CSSI Dept.), Agent Bank

CITIBANK

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Member FDIC

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US\$50,000,000 Floating Rate Notes Due 1992

For the six month period

30th March 1983 to 30th September 1983

the Notes will carry an interest rate of

10% per cent per annum, payable on the

relevant interest payment date 30th September 1983

Bankers Trust Company
Principal Paying Agent

N.V. PHILIPS' GLOEILAMPENFABRIEKEN

(Philips' Industries)
Eindhoven, The Netherlands

The Board of Management hereby gives notice that the

ORDINARY GENERAL MEETING OF SHAREHOLDERS will be held on Tuesday, April 26, at 2.30 p.m. in the "Philips' Jubileumhal" in Eindhoven, entrance Matildelaan/Fredriklaan. Shareholders of N.V. Gemeenschappelijk Bezi van Aandeelen Philips' Gloeilampenfabrieken (Philips' Lampen Holding) are entitled to attend this meeting.

AGENDA

1. Opening.
2. Report of the Board of Management for the financial year 1982.
3. Report of the Supervisory Board on the financial statements for 1982.

4. Adoption of the financial statements and declaration of a dividend of f 1.80 on the ordinary shares. Of this dividend an interim cash dividend of f 0.60 has already been paid.

5. Proposal to authorise the Board of Management for a period of eighteen months, within the limits of the law and the Articles of Association, to acquire valuable consideration shares in the Company and in N.V. Gemeenschappelijk Bezi van Aandeelen Philips' Gloeilampenfabrieken at a price which must not be higher than the market price.

6. Announcement at the retirement at Mr. J. J. Spilkerman from the Board of Management with effect from 1 July 1983.

7. Composition of the Supervisory Board (Raad van Toezicht).

Announcement of the retirement of Mr. D. Noordhof, who, being eligible, offers himself for re-election. The nomination put forward by the Meeting of Priority Shareholders are:

N.V. GEMEENSCHAPPELIJK BEZI VAN AANDEELEN PHILIPS' GLOEILAMPENFABRIEKEN

(Philips' Lampen Holding)

Eindhoven, The Netherlands

The Board of Governors hereby gives notice to the shareholders of the Company that the

ORDINARY GENERAL MEETING

will be held on Tuesday, April 26, at the "Philips' Jubileumhal" in Eindhoven, to be held following the meeting of shareholders of N.V. Philips' Gloeilampenfabrieken (Philips' Industries).

AGENDA

1. Opening.
2. Report of the Board of Governors for the financial year 1982.
3. Adoption of the financial statements and declaration of a dividend of f 1.80 on the ordinary shares. Of this dividend an interim cash dividend of f 0.60 has already been paid.
4. Proposal to authorise the Board of Management for a period of eighteen months, within the limits of the law and the Articles of Association, to acquire valuable consideration shares in the Company and in N.V. Gemeenschappelijk Bezi van Aandeelen Philips' Gloeilampenfabrieken at a price which must not be higher than the market price.
5. Proposal to appoint a member of the Board of Governors to fill the vacancy arising from the retirement by resignation of Mr. D. Noordhof who, being eligible, offers himself for re-election. The nomination put forward by the Meeting of Priority Shareholders are:

1. Mr. D. Noordhof

2. Mr. C. J. van der Kugt.

6. Any other business.

7. Conclusion.

Shareholders, who (in person or by proxy) wish to attend and address the meeting and to vote thereat, are requested to notify the Company not later than April 19, 1983. The following regulations apply:

A. Holders of share-certificates to bearer should deposit such certificates not later than April 19, 1983, at one of the following banks in exchange for a receipt which will entitle the holder to admission to the meeting.

In the Netherlands: the Amsterdam-Rotterdam Bank N.V. in Amsterdam, Herengracht 595; or at the office of the Company in Eindhoven, Groenewoudseweg 1.

In the United Kingdom: Hill Samuel & Co. Limited, 45 Beach Street, London EC2P 2LX.

In other countries: at the banks designated for such purpose. Further particulars can be obtained from Hill Samuel & Co. Limited, London.

B: Holders of Registered shares must notify the Company not later than April 19, 1983, in the way indicated in the letter of convocation sent them by the Company.

Holders of common shares of New York Registry must notify the Company at the address of Bankers Trust Company, Corporate Trust & Agency Group, P.O. Box 318, Church Street Station, New York, N.Y. 10015.

The Philips' Annual Report 1982 containing among other information the financial statements, the auditor's certificate and the Report of the Board of Governors for the fiscal year 1982, is deposited for inspection at the Company and at the above-mentioned banks and is mailed to holders of Registered shares. Copies of this report are available (free of charge) upon request at the Company's office (Corporate Finance, P.O. Box 218, 5800 MD Eindhoven) and at the aforementioned banks.

Eindhoven, April 5, 1983.

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TECHNOLOGY

ROBOTICS DEVELOPMENTS MORE LIKELY IN JAPAN AND U.S.

Scara a pointer to the future

BY ALAN CANE

SCARA is a robot designed in Japan by Professor Makino of Yamanashi University. It is a simple robot with a stiff vertical shoulder and elbow at its best when inserting components in automated assembly systems.

Despite its limited abilities some 600 of these robots have now been produced in Japan by six manufacturers to use on their production lines.

Scara is, according to the market consultancy Frost and Sullivan, a pointer to the future of robot development: "It seems probable that development will most likely be in the creation of simpler robots, such as Scara, designed to undertake specific elements of assembly, rather than more complex robots capable of a range of tasks."

But it seems the thrust of these developments will be in the U.S. and Japan rather than Europe: "The motor for the development of robotics is in the main to be found in Japan and the U.S. Few fundamentally new developments are expected from European research programmes, although some centres of excellence exist."

The conclusions are contained in a new report from Frost and Sullivan which looks at the market for robots in each European country and assesses their contribution to the development of automated manufacture.

It estimates that Europe's robot population has nearly tripled in the past two years and is likely to grow by 30 per cent a year until 1986.

It suggests that growth will slow to 18-20 per cent a year after that: "The slowing of overall growth reflects both the increased size of the population

WHO IS WHO IN THE FIELD OF ROBOTICS

Unimation: Now part of Westinghouse, the recognised international robot pioneers. Manufactures the Puma robot family; the pace-setter in robot development, the company is working on vision, force sensing and conveyor tracking. 5,000 robots installed world-wide.

ASEA: Large Swedish electrical engineering company, ASEA were the pioneers in all-electric drive robots. Some 1,500 robots have been installed world-wide.

Trollta: Norwegian company with some 1,100 robots installed world-wide; built its

first robot to spray paint the wheelbarrows it then manufactured. Went into commercial robot sales in 1969 and has not looked back.

Volkswagen: Built robots for use in its own automobile factories and has now licensed General Electric of the U.S. to manufacture and market its machines. Some 300 installed world-wide.

Kuka: Swedish robot maker specialising in spot welding—600 installed world-wide.

Cincinnati Milacron: Huge U.S. machine tool manufacturer which penetrated the European market when Volvo

placed on order for 40 robots in 1980. Major sales to Ford, British Leyland and Volvo.

Acma-Cribier: Engineering subsidiary of Renaut with some 400 robots installed. Primarily selling to a captive market but making their system commercially available to others.

Others: With less than six per cent of the European market include: Coman, Kanfield, Nimak, Fairay Automation, Hall Automation ZF, DEA, Prab, Olivetti, Basler, Reis, Yaskawa, and Jung-Henrich.

base and a slowing of demand in some applications due to an approach to saturation."

The value of the market is likely to be about \$230m in 1986 and \$350m in 1990 (1981 prices), the report suggests.

So who will buy all these robots, from whom and for what? Frost and Sullivan suggests that manufacturers are taking an increasingly mature view of robotics. Robots are now seen not as individual components, but as parts of systems, including other machinery such as numerically controlled (NC) machines.

The automobile industry is already the major user of robots; there have always been good investment attitudes in the industry, the report says and: "even the usually cautious managements in the United Kingdom have recently invested some £500m for the installation of more than 200 robots in British Leyland and Fiat plants."

The car industry's share of the robot market will inevitably decline as other industries make greater use of robot-based systems. The electronics industry, for example, is already beginning to assemble printed circuit boards using, for example, Puma robots built by Unimation of the U.S.

Among other industries covered in the report are electrical engineering, mechanical engineering, metal, rubber and plastics, ceramics and glass and aerospace: "The development of robotics in the European aerospace industry is being spurred by advances in state-of-

the-art manufacturing techniques. In Denmark, Per Udsen is studying the use of robotics in manufacturing pylons for an aerospace programme in Holland."

It goes on to point out that although the domestic market is still dominated by foreign companies like Unimation, Hall Automation, now part of GEC, holds 3.5 per cent of the UK market: "The UK has not installed as many robots as its European competitors."

"Many of those were installed because of health and safety rather than simply for an increase in productivity—this is not so much because of union attitudes, which are surprisingly good towards robot usage, but because of cautious management."

The report carries the by now customary warnings about the Japanese threat, arguing that European manufacturers show indifference to the import threat.

It says that in five years time, Japanese suppliers will have established a significant market share: "We expect the Scara robot to make a major impact in Europe and foresee that European robot producers will have to fight hard during the 1980s to retain the major share of their market for domestic production—otherwise, imports of Japanese and U.S. origin may take up to 40 per cent of the European market by 1990."

*Industrial Robots in Western Europe: Frost and Sullivan is on 01-486 8377 in London, 212-233-1080 in New York. Indeed so strong is the research and development at IPA, it is

estimated for mid-1982

TERMINALS LINK-UP

Teletex connection a step nearer

BY GEOFFREY CHARLISH

THE PROSPECTS for teletex-connecting office word processors and other terminals via a public telephone line direct to similar terminals elsewhere comes a step nearer with an announcement from GEC Information Systems group of a teletext interface package.

To be marketed by Reliance Systems, the package will

means that a user will type a complete message or document and dispatch it to the server which, if the exchange line to the outside world is engaged, will store it temporarily in a 10 megabyte disc and send it soon afterwards. Similarly incoming messages are held if the machine senses that the addressed terminal is engaged.

At the same time, the PAEX is available for interconnection of the terminals within the company (like an internal telephone call).

If the organisation does not possess a digital PBX, the server can be used on its own. Then, the ports are connected directly to the other terminals and to the public exchange line.

The teletex server can operate at either 1200 or 2400 bits/sec—the latter speed is about 30 times that of telex.

Ideally the server will work in conjunction with a digital PBX (private automatic branch exchange) such as the SL-1 that Reliance offers. Then, perhaps as many as 100 terminals can be connected to the PBX in much the same way as 100 telephone extensions. The PAEX is in turn connected via eight lines to the server's eight port switch.

He believes that only when the teletex line is as accessible to terminal users as the telephone lines are to extension users, will teletex's true advantages be realised.

Welding

British inside system

BORE welding is a difficult process, particularly if the tubes to be welded are of small diameter. Normally the welding is carried out from the outside of the tube, but now Foster Wheeler Automated Welding (17 Stadium Way, Tilbury, Reading, Berks. 0734 415678) is offering its British designed bore welding system capable of welding tubes down to nine millimetres.

A common application is in the manufacture of shell and

tube heat exchangers. In this application the bore welding torch can reach into the inside of the exchanger to butt weld the tubes on to the inside face of the tube sheet. This is normally known as "back face welding."

The company claims that its new system offers better mechanical and corrosion properties. Full technical advice and a brochure is available from the company.

MAX COMMANDER

ALTHOUGH it was announced more than a year ago, Otis has just inaugurated the first installation in Europe of its Elektron "braely" lift system, at Devonshire House just off Piccadilly.

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MAX COMMANDER

THE MORE
INTELLIGENT
CHOICE.

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COMPUTERSYSTEMS
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demand, load and car positions in addition to constantly monitoring the status and safety of all the major operating components.

After a car is called by a passenger, the computers reduce waiting time by analysing each car's status to ensure selection of the car that can answer the call fastest without degrading the service to other users. The selection is checked five times each second to see whether another car might better answer the call.

The lifts use direct thyristor controlled DC drive rather than a motor-generator set and are claimed to provide the best "ride" of any system on the market. Otis in the UK is one 01-735 9151.

Offshore
Gas relief slave

GKN Birweice of Halesowen, in the West Midlands, has designed Sonaset, a gas relief flare, which the company says, can flare large volumes of gas in offshore oil installations in safety and with an almost limitless capacity for turn-around. The company says the flare can be mounted on an offshore platform on much shorter towers or booms than those required by conventional flares. More on 0345 4777.

Lifts
Installation by Otis

Wire stripper

ERASER International's Rush Wire Stripper Division has developed the Ti-Mix Wire Twister for the production of twisted pairs from pre-cut wires. The unit, bench mounted, is capable of twisting wires up to 23 swg in almost any length. Weighting 11 kg, two versions are available at 220/240 volt 50 Hz. More on 0284 51247.

UNCHANGEABLE IN A SEA OF CHANGE

Tomorrow's office will be different in almost every way - new knowledge, new tasks, new organization, new equipment. Yet the most important component will remain the same.

Man himself.

So you'll have to adapt all these new changes to fit human capabilities and limitations.

That applies specifically to the new information systems your company will need to make your business more competitive on all levels. That's why Ericsson gave ergonomic considerations such a high priority when they designed the systems they're installing now.

Ergonomics is the science of adapting work to man's inherent capabilities. To us, that's not just a matter of designing hardware that relieves strain on muscles and sinews and is kind to eyes and backs.

Ergonomics applies to software, too. Things like making person-to-computer dialogue natural and easy. Giving the user a free choice of voice, data, text, or pictorial communication via the same system. Keeping people instantly reachable wherever they are, on or off the premises. Making the whole system more user friendly.

It's ergonomics that made our AlfaSkop terminal a best-seller in many countries. In fact, all Ericsson hardware is ergonomically designed - like the Eritex teletex terminal that has built-in menu functions and "help" buttons to make it even easier to operate. So is Ericsson software - like the new, easy-to-learn Genius programming language. Tests have shown that it can increase the user's productivity fivefold!

Best of all, the system is future proof. Whatever the services you'll need, whatever the technical or ergonomic advances, they can be incorporated into our systems without disruption.

You'll only need a new system if man himself should ever change.

ERICSSON 
Information Systems

Ericsson is communications, data processing and office automation, integrated for the office of tomorrow. Both hardware and software. Systems analysis and design, engineering, service and training. Ericsson has 70,000 employees, more than \$2.5 billion in sales, and over a century's experience in international telecommunications.

FT COMMERCIAL LAW REPORTS

Digest of cases reported in Hilary Term

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Financial Times Tuesday April 5 1983

INDUSTRIALS—Continued

| Year | State | Price | Lnd | Br | Tot | Per |
|-------|------------------------|--------------------|-------|------|-----|-----|
| | | | Acres | ft | ft | ft |
| 1900 | Wash. - 9. 26 | 176 | 140 | 18 | 33 | |
| Aug. | La. - 4000. Bourn. | 188 | 31 12 | 50 | 40 | |
| Sept. | Minnesota 10p | 26 | 11 11 | 125 | 149 | |
| Oct. | Ind. - Johnson M. 100p | 143 | 25 4 | 0800 | 588 | |
| Jan. | Calif. - Callard | 29 | 11 11 | 210 | 231 | |
| Apr. | Johnson, Chas. | 340 | 69 | 477 | 23 | 32 |
| Aug. | John. on Mitt. 31 | 235 | 13 12 | 100 | 149 | |
| Sept. | Johnson Cap. 10p | 287 | 17 4 | 48 | 324 | |
| June | Montana 17. 10p | 1000 ^{ad} | 21 1 | 36 | 206 | |
| Dec. | Californian 10p | 57 | 11 11 | 25 | 49 | |
| July | Kansas 10p. 100 | 2100 ^b | 31 12 | 88 | 17 | 54 |
| April | North Dakota 1. 5p | 21 | 21 2 | 150 | 202 | |
| Aug. | North E. 100p. | 53 | 11 12 | 130 | 62 | 81 |
| Sept. | Ala. - C.P. 100p. | 61 | 21 11 | 36 | 50 | 69 |
| April | R.C. Inc. 10p | 121 | 21 2 | 131 | 28 | 17 |
| July | Lamont Hops. 100p | 22 ^c | 11 11 | 12 | 18 | 00 |
| May | Lawson | 37 | 18 12 | - | - | |
| Oct. | Ark. Grapes 10p | 995 | 31 12 | 17 5 | 1 7 | 6 3 |
| July | Lake Charles 10p... | 27 | 20 4 | 25 | - | |
| Sept. | La. & La. 10p | 450 | 29 11 | 1245 | 2 4 | 02 |
| Oct. | Louisiana & Madrid | 1151 ^d | 31 12 | 775 | 2 1 | 58 |
| Dec. | La. & Nican Cap. | 61 | 15 11 | 1175 | 2 1 | 58 |
| Sept. | Miss. Pine Woods | 100 | 11 11 | - | - | |
| June | Louis. Hops. 10p | 71 ^e | 12 79 | 5 | - | |
| Oct. | Louis. Grapes 10p | 54 | 8 9 | 10 | - | |
| Dec. | Louis. & Barus 50p | 86 | 10 10 | 50 | 4 | 00 |
| May | N.Y. Dark. 10p. | 27 | 11 11 | 121 | - | |
| Sept. | Mary. City Ph. 20p | 153 | 21 2 | 70 | 25 | 15 |
| May | Macfarlane 60p. | 146 | 6 9 | 352 | - | |
| Nov. | McNair 20a. | 45 | 4 10 | 6143 | 1 4 | 00 |
| Mar. | Margheriti (I.) | 55 ^f | 21 2 | 42 | 6 6 | 00 |
| Apr. | Mammola & Gassan | 100 | 11 11 | - | - | |

LEISURE—Continued

| Stock | Price | Unit | Inv | Inv | C. |
|----------------------|-------|------|-----|-----|-------|
| | | 4 | 4 | 4 | 4 |
| GRA Gruber 50 | 154 | | 111 | 111 | 25 |
| Grumman T-2A 100 | 406 | | 21 | 11 | 10 |
| HTV Nas 100 | 153 | | 21 | 11 | 10 |
| Hornet 100 | 1700 | | 21 | 11 | 10 |
| Hummer 100 | 128 | | 31 | 12 | 25 |
| LWT "A" | 159 | | 19 | 11 | 110 |
| McCrane 100 | 300 | | 13 | 12 | 440 |
| McCrane 100 | 132 | | | | 6154 |
| Megatec Ag 24 100 | 160 | | 51 | 12 | 100 |
| Microlight 100 | 57 | | 21 | 12 | 40 |
| Microlight 100 | 85 | | | | 0 |
| Microlight 100 | 85 | | 21 | 12 | 40 |
| Microlight 100 | 27 | | | | 0 |
| Microlight Albatross | 41 | | 30 | 4 | 55 |
| Microlight Lulu 1 | 128 | | | | 115 |
| Microlight 100 100 | 570 | | 12 | 12 | 75 |
| Microlight 100 100 | 240 | | 11 | 12 | 56 |
| Microlight 100 100 | 171 | | 13 | 12 | 241 |
| Microlight 100 100 | 96 | | 11 | 11 | 4373 |
| Santana Grubba | 420 | | 21 | 12 | 41020 |
| Santa TV A 100 | 99 | | 18 | 10 | 170 |
| Santa TV X 100 | 47 | | | | 33 |
| TSW 50 | 152 | | 111 | 0 | 9 |
| HTVS N 100 100 | 33 | | | | 33 |
| Industri A.T. 100 | 1021 | | 21 | 2 | 6426 |
| Westin Century Del | 130 | | | | 130 |
| Westerly Jetex 100 | 16 | | 28 | 0 | 31 |
| Zentivex 50 | 80 | | 13 | 275 | 24 |

PROPERTY—Continued

| PROPERTY—Continued | | | | | | |
|--------------------|----------------------|-------|-------|------|------|------|
| Period | Description | Stock | Price | Last | Chg. | Opn. |
| Feb. | North Br. & Prop. | 115 | 15.17 | 15 | .3 | 3.3 |
| Jan. | Bethel Mfr. Co. | 57 | 19.7 | 19 | .4 | 0.4 |
| Jan. | Panhandle | 150 | 11.1 | 11.5 | .2 | 1.5 |
| | Propane Gas Disp. | 14 | | | | + |
| | Propane Prog. Co. | 29 | | | | + |
| July | Prop. H. & Ira | 160 | 11.12 | 11 | .1 | 1.8 |
| Aug. | Prop. Part. Inc. | 242 | 26.11 | 26 | .1 | 1.5 |
| July | Prop. & Roy | 142 | 11.12 | 11 | .3 | 3.3 |
| Oct. | Prop. Ser. in 50s | 125 | 31.1 | 31 | .2 | 2.2 |
| | Royalton Brdg. Co. | 7 | | | | + |
| Nov. | Royalton | 51 | 14.8 | 15 | .1 | 1.1 |
| Sept. | Royalty-1st 10s | N34 | 37.4 | 37.4 | .0 | 1.8 |
| Oct. | Royalty-1st 10s | 178 | 11.12 | 11 | .2 | 2.2 |
| Sept. | Royalty-1st 11 | 253 | 13.12 | 13 | .2 | 2.2 |
| June | Rush & Thompson | 200 | 19.18 | 19 | .1 | 1.2 |
| | Samuel Prop. | 107 | | | | + |
| | Savannah Mfg. Co. | 532.0 | 10.12 | 10 | .2 | 2.2 |
| Jan. | Sect. Metrop. Corp. | 83 | 11.12 | 11 | .2 | 2.2 |
| Oct. | Second City 10s | 74.40 | 21.13 | 21 | .2 | 2.2 |
| | Shenandoah Prop. | 17 | | | | + |
| | Shelburne Ser. 10s | 132.1 | | | | + |
| May. | Shoshone Exch. | 102 | 6.6 | 6 | .3 | 3.3 |
| Oct. | Do 10% Conv. '90 | 2235 | 15.12 | 15 | .1 | 1.0 |
| Oct. | Do 10% Conv. 91 '94 | 2108 | 15.12 | 15 | .1 | 0.6 |
| | Soroptimist | 157 | 11.12 | 11 | .2 | 2.2 |
| | Standard Ser. | 134 | 17.12 | 17 | .2 | 2.2 |
| | Standard Ser. Corp. | 64 | | | | + |
| | Stock Conversion | 260 | 51.1 | 51 | .4 | 4.5 |
| | Western Prop. H.S.C. | 61 | | | | + |
| | Wisean in 5% 10s | 90 | 29.12 | 29 | .1 | 1.8 |
| | Wisean 12% Pl. Fin. | 85 | 29.12 | 29 | .1 | 1.8 |
| Aug. | | | | | | |

INVESTMENT TRUSTS Cont.

| INVESTMENT | | TRUSTS-Cont. | | | | |
|--|---------|--------------|---------|--------|-----|-----|
| Bonds | Stock | Price | Last | Wk. | Mo. | Yr. |
| Br. Am. Eng. Co. in Per. - | 130 | 111 | 96 | 107 | 14 | |
| Br. Am. Eng. Ind. Divid. | 88 | 111 | 87 | 106 | 14 | |
| Jun. Aug. Equity Com. Corp. 11 1/2 | 183 | 111 1/2 | 101 7/8 | 106 | 14 | |
| August Do. Div'd 50c | 325 | 107 1/2 | 111 0/8 | 111 | 14 | |
| Do. Eng. E. & T. 10p | 264 | 212 | 208 | 208 | 14 | |
| Octobre F. & C. Engineering | 87 | 104 | 15 | 11 | 14 | |
| Mar. Nov. Family Inc. T-2 | 146 1/2 | 212 | 63 | 68 | 14 | |
| July Fin. & Chemicals Assn. | 121 1/2 | 175 | 105 | 105 | 14 | |
| Sept. Apr. Fin. & Sum. Assn. | 196 1/2 | 212 1/2 | 155 | 155 | 14 | |
| Aug. Oct. Fleischmann Indus. | 97 | 111 1/2 | 82 | 82 | 14 | |
| Aug. Fleischmann American | 380 | 71 1/2 | 84 2/8 | 84 2/8 | 14 | |
| Mar. Do. Fleischmann Fats & Oils | 156 | 71 1/2 | 65 | 65 | 14 | |
| Dec. July Fleischmann Fr. Eastern | 793 | 20 1/2 | F11 | F11 | 14 | |
| Jan. Aug. Son. Fleischmann Mex. | 82 | 73 1/2 | 275 | 275 | 11 | |
| Aug. Nov. Fleischmann Japanese Do. "B" | 319 | 73 | F17 5 | . | 14 | |
| Feb. Aug. Fleischmann German T-2 | 231 | 11 1/2 | 70 | 10 | 14 | |
| Feb. Sept. Son. Fleischmann T-2 Ind. | 233 | 12 1/2 | 63 | 68 | 14 | |
| Nov. July Fleischmann Universal | 200 | 18 10 | 68 | 68 | 14 | |
| Mar. Aug. Foreign & Col. | 88 | 11 | 22 | 22 | 14 | |
| Jan. July F. U. G. I. T. RO. 25 | 225 | 13 1/2 | 015c | 015c | 14 | |
| Dec. June Futuremax Inc. - | 533 | 13 1/2 | 475 | 112 | 14 | |
| Do. Lipp. 25c | 52 | - | - | - | 14 | |
| Mary. Nov. Futuremax Inc. - | 592 | 25 1/2 | 4.56 | 10 | 14 | |
| Do. Do Cap | 175 | - | - | - | 14 | |
| Dec. June G. T. Global Rec. 11 | 182 | 20 1/2 | 35 | 35 | 14 | |
| Mar. Mar. G. T. Japan | 514 | 31 1/2 | 50 | 50 | 14 | |
| Aug. Apr. Gen. Consolated | 163 | 21 1/2 | 7.8 | 7.8 | 14 | |
| Sep. Mar. General Fund | 386 | 21 1/2 | 2.85 | 2.85 | 14 | |
| Apr. Do Conv. 10p. | 268 | - | - | - | 14 | |
| Do. Int'l. 10p. | 192 | 4.10 | 1.25 | 1.25 | 14 | |

CH AND CAS Sections

| OIL AND GAS—Continued | | | | | | | |
|-----------------------|-------------------------|------------------|------------|-------------------|---------|--------|--|
| Bonds Pmt | Stock | Price | Last 45 | Div Net | CW % | Y % | |
| | W.Brown & Co 51 | 5 | | | | | |
| | W.Brown & Co 25 | 7½ | | | | | |
| Jan | July Am 11 | 175 | 111 | 8.5 | 26 | 6 | |
| 7-9 | Aust Br 81, Lm 471 Op. | 170 ¹ | 31.12 | Q8 ¹ | 18.0 | 12 | |
| | Caledonian Oil 1 | 125 | | | | | |
| | Cana Gas & Pipe 75 | 195 | | | | | |
| | C.C.Industries Rn. | 150 | | | | | |
| Mar | July Carter Corp 10 | 175 | 11.12 | 2.75 | .06 | 2 | |
| Apr | Aust Century Hld | 72 | 13.12 | 3.4 | 15 | 6 | |
| May | Dev. Charterhall Sp | 51 | 15.12 | 0.3 | 1 | 1 | |
| | Dev. Charnwood Pet | 89 | 6.9 | 0.75 | 0 | 1 | |
| | Dev. F. Petrol. B | 15 | 2.7 | -.30 ² | 15 | 15 | |
| | W.Clarendon Pet Rl | 33 | | | | | |
| | W.Clark Oil 1 | 40 | | | | | |
| | W.D. Cen. A. | 30 | 31.12 | — | | | |
| | W.Chevron Petroleum | 80 | 30.4 | 0.55 | 1.6 | 1 | |
| | W.Chevron R. & T. | 16 | | | | | |
| | W.Chevron Ref. 10 | 70 | | | | | |
| | W.Chevron Ref. 10 | 95 | | | | | |
| | W.Chevron Rm. CS1 | 16 | | | | | |
| | W.Dobie Engld | 25 | | | | | |
| | W.Scottish Devlop. | 74 | 6.9 | 1.39 | 1.5 | 2 | |
| | W.Sunbeam Sec. | 93 | 19.0 | 0.15 | 0 | 0 | |
| | W.Texan Oil 10.20 | 35 | | | | | |
| April | Dev. Ewen's Capital 12½ | 16 | | | | | |
| | W.Lloyd Star 10 | 4 | | | | | |
| | W.Eurogas | 33 | | | | | |
| | W.Fairmont Petrol | 33 | | | | | |
| | W.Fair Rev. | 105 | | | | | |
| | W.Floyd Oil 10.20 | 75 | | | | | |

MINES—Continued

Central Af

| Stock | Price | Last | Wk. | Mkt. | C.W. |
|----------------------------|-------|-------|---------|------|------|
| Falcon Rd. 50c..... | 250 | 15 | 025c | 10.3 | |
| Wankee Col. 251..... | 19 | 4.18 | 103c | 12 | |
| Zam Corp. 50D.24..... | 20 | 9.80 | — | — | |
| Australians | | | | | |
| MacM 20c..... | 142 | — | — | — | |
| Argy Gold NL 25c..... | 62 | — | — | — | |
| Bullock Resources..... | 14 | — | — | — | |
| Black Hill Minn..... | 43 | — | — | — | |
| Bond Corp. | 60 | — | — | — | |
| Bougainville 1 Kina..... | 135 | 7.3 | 03.42c | 12 | |
| CRCA 50c..... | 263 | 15.3 | 03c | — | |
| Carr Boyd 20c..... | 73 | — | — | — | |
| Central Pacific..... | 10 | — | — | — | |
| Crusader Oil..... | 250 | — | — | — | |
| Cultur Pac. NL..... | 8 | — | — | — | |
| Eagle Corp 10c..... | 182 | — | — | — | |
| Endeavour 20c..... | 9 | — | — | — | |
| GMI Kalgoorlie 25c..... | 510 | 28.9 | b010c | 9 | |
| Hastings Areas 10p..... | 176 | 11.12 | 23.75 | 2.8 | |
| Horna NW..... | 16 | — | — | — | |
| Hill Minerals N. L..... | 43 | — | — | — | |
| Int'l Mining..... | 14 | — | — | — | |
| Kalbarra Min 20k..... | 39 | — | — | — | |
| Keywest Expl..... | 16 | — | — | — | |
| Kitchener NL 25c..... | 54 | — | — | — | |
| Mackellarine 25c..... | 103 | — | — | — | |
| Metals Ex 50c..... | 32 | 14.9 | — | — | |
| Menzan Min. 30k..... | 26 | — | — | — | |
| Mid East Min. AS)..... | 24 | — | — | — | |
| MIM Higgs 50c..... | 248 | 12.2 | 05c | — | |
| Mincorp 20c..... | 8 | — | — | — | |
| Minwest Expl 25k..... | 5 | — | — | — | |
| Newmetal 20c..... | 30 | — | — | — | |
| North B. Hill 50c..... | 133 | 19.11 | 046c | 1.3 | |
| Nth Kalgoori..... | 41 | — | — | — | |
| Oakbridge 50c..... | 63 | 30.4 | 07c | 1.7 | |
| Pacific Copper..... | 48 | — | — | — | |
| Pancor '1' 25c..... | 84 | — | — | — | |
| Panga Neg & Esq. 5c..... | 48 | — | — | — | |
| Petrol-Walkhoff 50c..... | 136 | 15.3 | 01.5c | — | |
| Pfaffen Res. NL..... | 5 | — | — | — | |
| Renkon 50c..... | 230 | — | 025c | — | |
| Ro Deid | 205 | — | — | — | |
| Selurust A. | 64 | — | — | — | |
| Southern Pacific..... | 8 | — | — | — | |
| Swan Res 20c..... | 38 | — | — | — | |
| West Goldfield Co. NL..... | N52 | — | — | — | |
| West Coast 25c..... | 11 | — | — | — | |
| Western Cont. 50c..... | 22 | — | — | — | |
| Weisz. Mining 50c..... | 243 | 4.10 | 302.25c | ♦ | |
| Whim Creek 20c..... | 56 | — | — | — | |
| York Resources..... | 12 | — | — | — | |

三

| | | |
|------|-----|------|
| 44% | — | 17.9 |
| 8.4 | ♦ | 7.1 |
| 5.0 | 6.2 | 3.1 |
| 125c | ♦ | 11.5 |
| 192 | — | 11.5 |

11
10c | ♦♦ | 6.3
4.9

| | | |
|------|-----|------|
| 25 | 0.3 | 3.6 |
| 3 | — | 6.6 |
| 4.5 | 2.0 | 7.4 |
| 3.4 | 2.1 | 3.0 |
| 12% | + | 3.0 |
| 1.0 | 1.0 | 0.1 |
| 8.15 | 1.9 | 0.1 |
| 9.0 | 0.6 | 15.7 |
| 6.2 | 0.9 | 15.4 |
| 7.0 | — | 13.2 |
| 9.5 | 1.2 | 10.3 |
| 4.5 | 6.5 | 4.8 |
| 4.5 | 6.5 | 4.8 |
| 0.88 | 1.8 | 4.5 |
| 3.6 | 2.8 | 4.0 |
| 0.6 | 0.1 | 4.8 |

6

| | 1st | 2nd | 3rd |
|----|---------|-----|-----|
| 17 | 1.0 | — | — |
| 11 | 4.0 | — | — |
| 19 | 0.88 | — | — |
| 11 | 14.0 | — | — |
| 3 | 0.0145 | — | — |
| 78 | — | — | — |
| | 1.6024 | — | — |
| 4 | 0.015c | — | — |
| 3 | 0.0125c | — | — |
| 10 | 0.80 | — | — |
| 11 | 0.015c | — | — |
| 5 | 0.018c | — | — |

9G10 02

| | | |
|----|------|------|
| 7 | 6.0 | 1% |
| 13 | 22.0 | 2.5% |
| 13 | 33.0 | 6.9% |
| 7 | 7.5 | — |
| 7 | 8.4% | — |
| 7 | 10 | — |
| 7 | 12.5 | — |

32

| | |
|--------|-----|
| 1041c | 1.3 |
| — | — |
| 10110c | 1.4 |
| 0116c | 2.0 |
| 10127c | 1.7 |
| 1035c | 1.5 |
| 041c | 8.9 |
| 075c | 8.9 |
| 030c | — |
| 10313c | 1.2 |
| — | — |

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| | |
|--------|---|
| Q200c | 1 |
| Q1235c | 1 |
| Q115c | 1 |
| Q67c | 1 |
| Q6650c | 1 |
| Q2270c | 1 |
| Q1220c | 2 |
| Q5330c | 1 |
| Q250c | 1 |
| Q950c | 1 |
| Q1290c | 1 |
| Q110c | 1 |
| Q395c | 1 |
| Q1110c | 1 |

31

| | |
|-------|-----|
| 0432c | 1.5 |
| 0380c | 1.5 |
| 0425c | 2.7 |
| 1090c | 1.3 |
| 0123c | 1.9 |
| 0480c | 2.3 |

| | |
|--------|-----|
| M07.5c | — |
| 0133c | 3.2 |
| 0110c | 2.8 |
| 0860c | 0 |
| 0315c | 3.6 |
| 11.0 | 2.5 |
| 24.5 | 0.6 |
| 51.15 | 1.1 |
| 0125c | — |

| | |
|-------|-----|
| 0500c | 1.6 |
| 0600c | 2.6 |
| 0700c | 1.6 |

| | |
|-------|-----|
| Q75c | 1.5 |
| Q22c | 1.2 |
| Q46c | 1.4 |
| Q35c | 3.2 |
| Q49c | 1.4 |
| Q260c | ◆ |
| Q130c | 1.2 |
| Q16c | ◆ |

| | | | |
|----|-----------------|----|-----------|
| 51 | Race Elec. | 45 | KLA |
| 30 | R.H.M. | 6 | Premier |
| 4 | Audit Org. Ord. | 25 | Shell |
| 30 | Bard Indul. | 26 | Tricorpol |
| 24 | Sear | 9 | UHaram |
| 45 | T.I. | 13 | WATCO |

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling looking good on oil news

BY JONAS CROSLAND

Sterling started to regain some of the 15% per cent lost since the beginning of November on news of firm price proposals from BNOC for North Sea oil. The "oil factor" has been overhanging the market for a long time now but hopefully last week's announcement and the start of the breakdown of BNOC's price breakdown will be reflected by an absence of any counter move by Opec, particularly Nigeria. Sterling has started and should continue to show some improvement if for no other reason than people running low on sterling in recent times because of the oil question.

The other factor to affect sterling's performance is less likely to go away however, that being the continued strength of U.S. interest rates. The market has been quite successful in feeding off its own nervousness concerning the exact position of the Federal Reserve and over the growth of money supply. Hopefully the authorities would apply a small overshoot, in order to encourage what seems to be a mild economic upturn. However the Fed's recent absence from the open market and uncertainty over the outcome of last week's Federal Open Market Committee meeting combined to undermine market confidence. The prospect

of lower rates is small, according to many sectors of the market, despite recent comments trying to imply the opposite.

One reason is the very large U.S. budget deficit which will continue to exert an influence on rates.

Last week was not a good time to look at short-term U.S. rates for some indication of things to come. End of quarter distortions combined with end of month technicalities to push overnight fed funds up over 9 per cent. The fed funds to meet payments due on the Government's latest

bond offerings, which included a sizeable amount of new money, also served to keep rates high.

In the European Monetary System the D-mark claimed the novel distinction (so far for the D-mark that is) of being fixed at its floor level against the French franc, Irish punt and Danish krone. Despite the introduction of stringent austerity measures by the French however, a continuation of the wide gap in inflation rates inside and outside West Germany would ultimately see current positions within the system being reversed.

EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency against ECU | % change central rate | % change adjusted for divergence | Divergence limit % |
|---------------|-------------------|----------------------|-----------------------|----------------------------------|--------------------|
| Belgian Franc | 44,3662 | 44,5469 | +0.42 | +0.21 | ±1.50 |
| Danish Krone | 8,0412 | 7,8617 | -1.03 | -1.24 | ±1.51% |
| French Franc | 1,0409 | 1,0262 | +0.42 | +0.42 | ±1.50 |
| German Mark | 6,70571 | 6,72429 | +1.01 | +1.22 | ±1.40% |
| Dutch Guilder | 2,49887 | 2,52657 | +1.23 | +1.02 | ±1.50% |
| Irish Punt | 0,71075 | 0,71003 | -0.97 | -1.12 | ±1.50% |
| Italian Lira | 1,386,78 | 1,384,31 | -3.74 | -3.74 | ±1.50% |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

| | Mar. 31 | £ | \$ | Notes Rate |
|--------------------|---------|--------|------------|------------|
| Argentina Peso | 95,705 | 95,905 | 67,920 | 67,570 |
| Bolivian Boliviano | 1,075 | 1,075 | 1,055 | 1,055 |
| Brazil Cruzeiro | 6,0510 | 6,1026 | 4,150,617 | 5,70 |
| Finland Markka | 8,1065 | 9,1970 | 10,510,547 | 5,70 |
| Greece Drachma | 1,0409 | 1,0262 | 1,0262 | 1,0262 |
| Iceland Krona | 2,9214 | 2,9241 | 6,7200 | 6,7200 |
| Iran Rial | 124,10 | 125,10 | 125,10 | 125,10 |
| Iraqi Dinar | 71,45 | 71,55 | 71,45 | 71,55 |
| Kuwaiti Dinar | 0,4000 | 0,4000 | 2,025 | 2,025 |
| Luxembourg Franc | 71,45 | 71,55 | 49,16 | 49,16 |
| Malaysian Dollar | 3,1850 | 4,0000 | 2,022 | 2,024 |
| New Zealand Dollar | 2,0285 | 2,0275 | 1,5350 | 1,5370 |
| Switzerland Franc | 1,0409 | 1,0262 | 1,0262 | 1,0262 |
| Singapore Dollar | 3,0800 | 3,0800 | 2,0300 | 2,0300 |
| 6 African Rands | 1,2550 | 1,2635 | 1,0855 | 1,0905 |
| Austria Shillings | 5,4368 | 4,4460 | 5,6720 | 5,7370 |
| U.S. Dollars | — | — | 112,154 | 112,154 |

THE POUND SPOT AND FORWARD

| March 31 | Day's spread | Close | One month | % p.m. | Three months | % p.m. |
|-------------|---------------|---------------|--------------|--------|--------------|--------|
| U.S. £ | 1,4669-1,4950 | 1,4830-1,4940 | 0.05-0.10 pm | 1.01 | 0.95-0.30 pm | 0.98 |
| Canada | 1,0305-1,0310 | 1,0295-1,0290 | 0.25-0.15 pm | 1.31 | 0.52-0.42 pm | 1.03 |
| Netherlands | 4,009-4,010 | 4,010-4,011 | 0.05-0.10 pm | 1.01 | 0.95-0.30 pm | 0.98 |
| Denmark | 12,65-12,79 | 12,72-12,81 | 5-10c pm | 1.28 | 1.25-1.20 pm | 1.28 |
| Ireland | 1,3900-1,4130 | 1,4000-1,4140 | 0.40-0.55 pm | 5.89 | 0.95-1.25 pm | 1.28 |
| W. Ger. | 3,55-3,56 | 3,56-3,57 | 0.05-0.10 pm | 1.01 | 0.95-0.30 pm | 0.98 |
| W. Ger. DM | 1,4000-1,4000 | 1,4000-1,4000 | 0.05-0.10 pm | 1.01 | 0.95-0.30 pm | 0.98 |
| Spain | 200,72-202,75 | 202,25-202,65 | 100-200c pm | 13,06 | 425-500 pm | 2,14 |
| Italy | 2,122,2-2,145 | 2,142,2-2,144 | 9-12c pm | 6,18 | 33-38 pm | 6,18 |
| Norway | 7,10-7,12 | 7,10-7,12 | 0.05-0.10 pm | 8,63 | 10-12 pm | 8,63 |
| Sweden | 10,49-10,50 | 10,50-10,51 | 7-10c pm | 1.05 | 1.05-1.10 pm | 1.05 |
| Japan | 11,10-11,14 | 11,10-11,12 | 1.00-1.10 pm | 0.07 | 1.10 pm | 0.34 |
| Austria | 25,05-25,25 | 25,27-25,28 | 11-19c pm | 5,78 | 33-35 pm | 5,78 |
| Switz. | 3,05-3,10 | 3,08-3,09 | 2-15c pm | 5,78 | 53-54 pm | 5,78 |

Belgian rate is for convertible francs. Financial franc 72,65-72,75. Six-month forward dollar 0.41-0.43c pm, 12-month 0.55-0.40c pm.

EXCHANGE CROSS RATES

| Mar. 31 | Pound Sterling | U.S. Dollar | Deutschmark | Japanese Yen | French Franc | Swiss Franc | Dutch Guild | Italian Lira | Canada Dollar | Belgian Franc |
|-----------------|----------------|-------------|-------------|--------------|--------------|-------------|-------------|--------------|---------------|---------------|
| U.S. £ | 1,074 | 1,040 | 0,600 | 354,5 | 10,785 | 2,095 | 2,733 | 2,143 | 1,882 | 71,50 |
| Deutschmark | 0,978 | 0,912 | 1,040 | 2,095 | 2,254 | 1,120 | 1,040 | 1,040 | 1,040 | 48,20 |
| French Franc | 0,927 | 1,370 | 0,840 | 2,254 | 0,878 | 1,120 | 1,040 | 1,040 | 1,040 | 48,20 |
| Swiss Franc | 0,923 | 0,840 | 1,165 | 2,254 | 0,867 | 1,120 | 1,040 | 1,040 | 1,040 | 48,20 |
| Dutch Guilder | 0,247 | 0,266 | 0,888 | 2,254 | 0,763 | 1,120 | 1,040 | 1,040 | 1,040 | 48,20 |
| Italian Lira | 0,467 | 0,682 | 1,160 | 2,254 | 1,443 | 1,892 | 1,040 | 1,040 | 1,040 | 48,20 |
| Canadian Dollar | 0,547 | 0,911 | 1,270 | 2,254 | 1,681 | 2,317 | 1,120 | 1,040 | 1,040 | 48,20 |
| Belgian Franc | 1,598 | 2,075 | 5,008 | 2,254 | 1,671 | 2,357 | 1,120 | 1,040 | 1,040 | 48,20 |

MONEY MARKETS

Upward pressure starts to dissipate

UK interest rates finished the week below their recent peaks. An improvement in the value of sterling now makes current levels look a little more tenuous.

Conditions regarding market shortages have been favourable

in helping the authorities keep the lid on short term rates. To

date the market has reacted well to an official reluctance to

increase rates to defend sterling and the mood of the market has

not necessarily been bearish but

more of a "stand by your bed" attitude.

There is little chance of any sudden change in the direction of U.S. interest rates (opinions may change but fundamentals do not) but sterling has

obviously received some temporary relief from the latest BNOC

proposals on North Sea oil prices.

Further evidence of official

policy was given on Friday by

Mrs Thatcher, stressing the need

to maintain a downward momentum in interest rates in order

not to strangle any emerging

economic recovery. This could

be at the expense of sterling when further comments dismissed the option of maintaining a specific exchange rate for ster-

ling by using UK reserves. This

is not a attitude that is easily

implemented however as a

cautious upward creep in rates recently on sterling's weakness has shown.

Conditions regarding market shortages have been favourable in helping the authorities keep the lid on short term rates. To

date the market has reacted well to an official reluctance to

increase rates to defend sterling and the mood of the market has

not necessarily been bearish but

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